Offering Memorandum | **Not for General Distribution in the United States of America**

Golden Goose S.p.A.

€480,000,000 Floating Rate Senior Secured Notes due 2027

Golden Goose S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy (the "**Issuer**"), is offering (the "**Offering**") €480.0 million aggregate principal amount of its euro-denominated Floating Rate Senior Secured Notes due 2027 (the "**Notes**"). The proceeds from the Offering will be used, together with cash on the Issuer's balance sheet, to repay and cancel the Bridge Facility (as defined herein) (the "**Refinancing**") and pay fees and expenses in connection with the Offering and the Refinancing. The amounts drawn under the Bridge Facility were used, together with shareholder contributions, to (i) pay the purchase price for the acquisition by Astrum 3 S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy ("**Astrum 3**") of Sneakers Maker S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy, on June 16, 2020 (the "**Acquisition**"), which was, together with Astrum 3, subsequently merged into the Issuer on August 5, 2020, (ii) repay in full and cancel the existing indebtedness of the Issuer, (iii) pay fees and expenses in connection with the Acquisition, the repayment and cancellation of the existing indebtedness of the Issuer and the entry into the Bridge Facility Agreement (as defined herein) and the Revolving Credit Facility Agreement (as defined herein) and (iv) fund cash to the Issuer's balance sheet for general corporate purposes. See "*Use of Proceeds*" and "*Summary—The Transactions*."

The Notes will be issued under an indenture (the "**Indenture**") to be dated as of May 14, 2021 (the "**Issue Date**") among, *inter alios*, the Issuer, Wilmington Trust, National Association as trustee (the "**Trustee**") and Wilmington Trust (London) Limited as security agent (the "**Security Agent**").

The Notes will mature on May 14, 2027. The Issuer will pay interest on the outstanding principal amount of the Notes at a per annum rate equal to three-month EURIBOR (subject to a 0% floor) plus 4.875% per annum, reset quarterly. Such interest will be paid quarterly in arrears on each February 15, May 15, August 15, and November 15, commencing August 15, 2021. Prior to November 14, 2022, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus the relevant "make-whole" premium. Some or all of the Notes may also be redeemed at any time on or after November 14, 2022 at par, plus accrued and unpaid interest to, but excluding, the redemption date. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase all of the Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the repurchase date. In addition, the Issuer may redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law. See *"Description of the Notes"* for more information.

The Notes will be senior obligations of the Issuer and will not be guaranteed on the Issue Date. On the Issue Date, the Notes will be secured on a first-ranking basis, subject to certain agreed security principles, by the Collateral (as defined herein). The Collateral also secures, on a first-ranking basis, the Revolving Credit Facility (as defined herein). Under the terms of the Intercreditor Agreement (as defined herein), the holders of the Notes will receive proceeds from the enforcement of the Collateral after the lenders under the Revolving Credit Facility and counterparties to certain cash management obligations and certain hedging obligations of certain members of the Group, if any, have been repaid in full. Subject to the terms of the Indenture and the Intercreditor Agreement, the Collateral may also be pledged to secure future indebtedness.

There is currently no public market for the Notes. The Issuer will apply to have the Notes (i) listed on the Official List of the Luxembourg Stock Exchange (the "**LuxSE**") and traded on the LuxSE's Euro MTF market (the "**Euro MTF Market**") and (ii) listed on the Vienna Stock Exchange. There can be no assurance that the Notes will be, or will remain, listed and admitted to trading on the Euro MTF Market or listed on the Vienna Stock Exchange. This Offering Memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 30.

Price for the Notes: 98.000% plus accrued interest, if any, from the Issue Date.

We expect that the Notes will be delivered in book-entry form through Euroclear System ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") on or about the Issue Date.

This Offering Memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction where such offer or solicitation is unlawful. The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state of the United States or other jurisdiction, and therefore may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Notes are being offered and sold in the United States only to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the U.S. Securities Act ("Rule 144A"), and to non-U.S. persons in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act ("Regulation S") other than to retail investors (as defined herein) in the European Economic Area or in the United Kingdom. Prospective purchasers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The Notes are not transferable except in accordance with the restrictions described under "*Transfer Restrictions*."

Joint Physical Bookrunners

Goldman Sachs International **Credit Suisse**

Joint Bookrunners

Barclays **BofA Securities** **IMI—Intesa Sanpaolo**

No person has been authorized to give any information or to make any representations other than those contained in this Offering Memorandum. This Offering Memorandum does not offer to sell or solicit offers to buy any Notes 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 Notes.

The date of this Offering Memorandum is May 20, 2021.

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IMPORTANT INFORMATION

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. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws 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. Neither we nor Credit Suisse Securities, Sociedad de Valores, S.A., Goldman Sachs International, Barclays Bank Ireland PLC, BofA Securities Europe SA and Intesa Sanpaolo S.p.A. (the "**Initial Purchasers**") are responsible for your compliance with these legal requirements. See also "*Notice to Prospective U.S. Investors*," "*Notice to Certain European Investors*" and "*Plan of Distribution*."

You should base your decision to invest in the Notes solely on information contained in this Offering Memorandum. Neither we nor the Initial Purchasers have authorized anyone to provide you with different information. In addition, neither we nor the Initial Purchasers nor any of our or their respective representatives are providing you with any legal, business, tax or other advice in this Offering Memorandum. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

This Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference should be made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of certain of the documents referred to herein will be made available to prospective investors upon request to us.

Except as provided below, the Issuer accepts responsibility for the information contained in this Offering Memorandum. The Issuer has made all due inquiries and confirms that to the best of its knowledge and belief, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Initial Purchasers, the Trustee or any other agents acting with respect to the Notes accepts responsibility for or makes any representation or warranty, express or implied, as to the accuracy or completeness of the information set out in this Offering Memorandum and nothing contained in this Offering Memorandum is, or should be relied upon as, a promise or representation by any of the Initial Purchasers, the Trustee or any other agents acting with respect to the Notes as to the past or the future.

By receiving this Offering Memorandum, you acknowledge that you have not relied on the Initial Purchasers or their respective directors, affiliates, agents or advisors in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes. By purchasing the Notes, you will be deemed to have acknowledged that you have reviewed this Offering Memorandum and have had an opportunity to request, and have received, all additional information that you need from us. No person is authorized in connection with the Offering to give any information or to make any representation not contained in this Offering Memorandum or any pricing term sheet or supplement and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers.

The information contained in this Offering Memorandum is as of the date hereof. Neither the delivery of this Offering Memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set out in this Offering Memorandum or in our business since the date of this Offering Memorandum.

The Issuer has prepared this Offering Memorandum solely for use in connection with the offer of the Notes to qualified institutional buyers under Rule 144A and to non-U.S. persons (within the meaning of Regulation S) outside the United States. You should read this Offering Memorandum before making a decision whether to purchase any Notes.

By accepting delivery of this Offering Memorandum, you agree to the foregoing restrictions and agree not to use any information herein for any purpose other than considering an investment in the Notes. This Offering Memorandum may only be used for the purpose for which it was published. The information contained under "*Exchange Rate Information*" includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing the information concerning exchange rate information, we accept no further responsibility in respect of such information. The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream.

We will not, nor will any of our agents or the Initial Purchasers, have responsibility for the performance of the respective obligations of Euroclear and Clearstream or their respective participants under the rules and procedures governing their operations, nor will we or our agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures.

Neither the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission nor any non-U.S. securities authority has approved or disapproved of these securities or determined that this Offering Memorandum is accurate or complete. Any representation to the contrary is a criminal offense. The Issuer will apply (i) to list the Notes on the Official List of the LuxSE, and traded on the Euro MTF market and (ii) to list the Notes on the Vienna Stock Exchange, and will submit this Offering Memorandum to the competent authorities in connection with these listing applications. Comments by the competent authority may require significant modification or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information. The Issuer may also be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that the application for the Notes to be listed on the Official List of the LuxSE or the application for the Notes to be listed on the Vienna Stock Exchange will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining these listings.

The Issuer is offering the Notes in reliance on an exemption from registration under the U.S. Securities Act for an offer and sale of securities that do not involve a public offering. The Notes are subject to restrictions on transferability and resale, which are described under "*Plan of Distribution*" and "*Transfer Restrictions*." By possessing this Offering Memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in those sections of this Offering Memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, GOLDMAN SACHS BANK EUROPE SE (THE "**STABILIZATION MANAGER**") (OR PERSON(S) ACTING ON BEHALF OF THE STABILIZATION MANAGER), MAY OVER-ALLOT THE RELEVANT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF SUCH NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCES THAT THE STABILIZATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILIZATION 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 AND MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE RELEVANT NOTES. ANY STABILIZATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILIZATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILIZATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO PROSPECTIVE U.S. INVESTORS

The Notes will be sold outside the United States to non-U.S. persons in reliance on Regulation S of the Securities Act and within the United States to QIBs in reliance on Rule 144A. The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, registration requirements of the Securities Act. The Notes shall not be offered, sold or delivered (i) as part of an Initial Purchaser's distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the latest closing date, within the United States or to, or for the account or benefit of, U.S. persons, except in reliance on Rule 144A and each dealer to which Notes have been sold during the distribution compliance period will be sent 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. Terms used in this paragraph have the meanings given to them by Regulation S.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area

This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of the Notes. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, and includes any relevant implementing measure in each member state ("**Member State**") of the European Economic Area (the "**EEA**") (each a "**Relevant State**"). Accordingly, any person making or intending to make any offer of the Notes in a Relevant State should only do so in circumstances in which no obligation arises for us or the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

Prohibition of offers to EEA retail investors

The securities described in the attached Offering Memorandum are not intended to be offered or sold or otherwise made available to and should not be offered or sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II); or (ii) a customer within the meaning of Directive 2016/97/EU, as amended (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. No key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**"), for offering or selling any in scope instrument or otherwise making such instruments available to retail investors in the EEA has been prepared. Offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful.

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 securities described in this Offering Memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties ("**ECPs**") and professional clients only, each as defined in Directive 2014/65/EU, as amended ("**MiFID II**"); and (ii) all channels for distribution of such securities to ECPs and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (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 such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Italy

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

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

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

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

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

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

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

United Kingdom

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 European Union (Withdrawal) Act 2018 (the "**EUWA**") or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

This Offering Memorandum has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**") from a requirement to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or cause to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are being offered solely to "qualified investors" as defined in the Prospectus Regulation and accordingly the offer of Notes is not subject to the obligation to publish a prospectus within the meaning of the Prospectus Regulation.

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

ITALIAN "WHITE LIST"

In order to qualify as eligible to receive interest free from *imposta sostitutiva* (Italian substitute tax), among other things, non-Italian resident holders of the Notes and beneficial interests therein must be beneficial owners resident for tax purposes in, or be "institutional investors" established in, a country which the Italian government identifies as allowing for a satisfactory exchange of information with Italy (the "**White List**") as listed in the Italian Ministerial Decree dated September 4, 1996, as amended from time to time, or, as from the tax year in which the Ministerial Decree to be issued under Article 11, paragraph 4, let. c) of Legislative Decree No. 239 of April 1, 1996 is effective, in a country therein included. See "*Taxation—Certain Italian Tax Considerations—Tax Treatment of the Notes Issued by the Issuer—Tax Treatment of Interest—Non-Italian Resident Noteholders.*" Subject to certain limited exceptions, such as for central banks and supranational bodies established in accordance with international agreements in force in Italy, this residency requirement applies to all holders of the Notes and beneficial interests therein, including ultimate beneficiaries of interest payments under the Notes holding via sub-accounts to which interests in the Notes may be allocated upon purchase or thereafter.

As of the date of this Offering Memorandum, the White List includes the following States:

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

The White List may change, and the Issuer have no obligation to provide notice of any such change. Noteholders will bear the risk of changes in the White List and should therefore inform themselves of any such changes.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Offering Memorandum, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets in which we participate or are seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "projected," "should," or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that our actual results of operations, including our financial condition and liquidity and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. In addition, even if our results of operations, including our financial condition and liquidity and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- risks related to health epidemics, pandemics and other outbreaks, including the COVID-19 pandemic;
- high competition in the markets in which we operate;
- economic conditions, particularly to the extent such conditions impact consumer confidence and reduced spending in the markets where our products are sold and sourced;
- the impact of operating in international markets and our continued international expansion;
- disruptions to the manufacturing process;
- our ability to successfully appeal to the tastes of our customers or to identify and respond to changing trends and product demand;
- our ability to preserve our strong brand image and maintain the value and resonance of our brand;
- our ability to effectively and efficiently advertise and market our products;
- our ability to expand our physical and online presence;
- risks associated with leasing substantial amounts of space, including future increases in occupancy costs;
- our exposure to credit and relationship risks related to wholesalers;
- increases in the cost of raw materials and other risks associated with our sourcing strategy;
- our reliance on independent carriers to distribute our products to our stores and to deliver our products directly to our customers;
- the failure to maintain storage and fulfillment outsourcing agreements on terms acceptable to us;
- our reliance on the manufacturers of our products to comply with applicable labor laws or recognized ethical standards or other applicable laws;
- increased marketing costs or our ability to attract new customers with our marketing initiatives;
- the impact of social media and influencers on our reputation;
- risks related to e-commerce and online net turnover;

- manufacturing defects and ensuing liability claims or adverse publicity;
- our ability to attract customers to our stores;
- the operation of our wholesale network and local partnership model for certain duty-free shops in APAC;
- the failure of or significant disruptions to our information systems;
- our failure to comply with privacy, information security and data protection regulations;
- our ability to protect our trademarks and other intellectual property rights to the same extent in all territories;
- the withdrawal of the United Kingdom from the European Union;
- political developments, particularly to the extent such developments impact the regulation of trade, protectionism and trade conflicts;
- our ability to retain key personnel and consultant designers;
- a deterioration in the relationships with our employees or trade unions or a failure to extend, renew or renegotiate our collective bargaining agreements on favorable terms;
- changes in credit and debit card provider requirements or applicable regulations;
- compliance risks related to customs, advertising, consumer protection, privacy, zoning and occupancy and labor and employment laws;
- potential legal proceedings;
- the adequacy of our insurance coverage to cover all possible losses that we could suffer;
- fluctuations in currency exchange rates;
- changes in tax rates, tax laws or challenges to our tax position;
- the adoption by the Council of the European Union of an EU list of non-cooperative jurisdiction for tax purposes and the use of this list in the jurisdictions where we operate;
- other risks associated with the Offering, our financial profile, the Notes and our structure; and
- other factors discussed or referred to in this Offering Memorandum.

The risks described in the "*Risk Factors*" section of this Offering Memorandum are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect our business, financial condition and results of operations. New risks emerge from time to time and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

We urge you to read carefully the sections of this Offering Memorandum entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Presentation of Industry and Market Data*" and "*Our Business*" for a more detailed discussion of the factors that could affect our future performance and the markets in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Memorandum may not be accurate or occur at all. Accordingly, prospective investors should not place undue reliance on these forward-looking statements, which speak only as of the date on which the statements were made. In addition, from time to time we and our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing. These forward-looking statements may be included in, but are not limited to, press releases (including on our website), reports to our security holders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

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

CURRENCY PRESENTATION AND DEFINITIONS

In this Offering Memorandum, all references to "**euro**," "**EUR**" or "**€**" are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time; all references to "**British pound sterling**," "**GBP**," or "**£**" are to the lawful currency of the United Kingdom; all references to "**Chinese Yuan**," "**CNY**," or "**¥**" are to the lawful currency of the People's Republic of China; all references to "**Hong Kong dollars**," "**HK$**," or "**HKD**," are to the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**South Korean won**," "**Korean won**," "**KRW**," and "**₩**" are to the lawful currency of the Republic of Korea; and all references to "**U.S. dollars**," "**USD**," "**US$**" and "**$**" are to the lawful currency of the United States of America.

Definitions

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

- "2018 Bain Altagamma Luxury Study" means a market study prepared by Bain & Company in relation to the luxury goods market in 2018, which was published in 2018;
- "2019 Bain Altagamma Luxury Study" means a market study prepared by Bain & Company in relation to the luxury goods market in 2019, which was published in 2019;
- "2020 Bain Altagamma Luxury Study" means a market study prepared by Bain & Company in relation to the luxury goods market in 2020, which was published in November 2020;
- "Acquisition" means the acquisition of the entire share capital of Sneakers Maker by Astrum 3 (both of which were subsequently merged into the Issuer on August 5, 2020 upon completion of the Reverse Merger) pursuant to the Acquisition Agreement, which was consummated on June 16, 2020;
- "Acquisition Agreement" or "SPA" means the sale and purchase agreement dated February 11, 2020, between Astrum 3 as buyer and the sellers named therein for the sale and purchase of the entire share capital of Sneakers Maker;
- "Agreed Security Principles" has the meaning ascribed to it under "*Description of the Notes*";
- "Americas" means our regional sales market comprised of North America and South America;
- "APAC" means our regional sales market comprised of Asia-Pacific countries;
- "Astrum 3" means Astrum 3 S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy, which was merged into the Issuer upon completion of the Reverse Merger;
- "Bridge Facility" means the €470 million bridge facility made available under the Bridge Facility Agreement;
- "Bridge Facility Agreement" means the bridge facility agreement dated June 8, 2020, among, *inter alios*, the Issuer (formerly Astrum 3), as borrower, and Credit Suisse AG, Milan Branch, Goldman Sachs International Bank, Banca IMI S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Bank of America Merrill Lynch International Designated Activity Company and Barclays Bank Ireland PLC, as arrangers;
- "Collateral" has the meaning ascribed to it under "*The Offering—Security*, *Enforcement of Security*";
- "EMEA" means our regional sales market comprised of Europe, the Middle East and Africa;
- "EU" means the European Union;
- "EU Member State" means each member state of the European Union;
- "EURIBOR" means European Interbank Offered Rate;

- "euro," "EUR" or "€" means the lawful currency of the EU Member States participating in the European Monetary Union;

- "Group," "we," "us" or "our" refer, collectively, to the Issuer and its subsidiaries;

- "IFRS" means the International Financial Reporting Standards, as adopted by the European Union;

- "Indenture" means, the indenture to be dated as of the Issue Date governing the Notes by and among, *inter alios* the Issuer and the Trustee;

- "Initial Purchasers" means Credit Suisse Securities, Sociedad de Valores, S.A., Goldman Sachs International, Barclays Bank Ireland PLC, BofA Securities Europe SA and Intesa Sanpaolo S.p.A.;

- "Intercreditor Agreement" means the intercreditor agreement dated June 8, 2020, among, *inter alios*, the Issuer (formerly Astrum 3), the lenders under the Revolving Credit Facility Agreement, each obligor in respect of the Revolving Credit Facility and the Security Agent, as amended, restated or otherwise modified or varied from time to time, and including an accession of the Trustee on or prior to the Issue Date. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*";

- "Issue Date" means the date on which the Notes offered hereby are issued;

- "Issuer" means Golden Goose S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy, with its registered office in Milan, Italy, at Via Privata Ercole Marelli no. 10, and registered under number 08347090964 with the Companies Register of Milan-Monza-Brianza-Lodi. The registration date of the Issuer is August 12, 2013. The LEI code of the Issuer is 213800DNXUYF1K7N9345;

- "Italian Civil Code" means the Italian civil code (*codice civile*) approved by the Royal Decree No. 262 of March 16, 1942, as subsequently amended and restated;

- "Italian Usury Law" means Italian Law No. 108 of March 7, 1996 and the relevant implementing regulations, as subsequently amended, implemented and supplemented from time to time;

- "Midco" means Astrum 2 S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy and the direct parent of the Issuer;

- "Notes" means the Floating Rate Senior Secured Notes denominated in euro offered hereby;

- "Offering" means the offering of the Notes pursuant to this Offering Memorandum;

- "Offering Memorandum" means this offering memorandum in relation to the Notes;

- "Permira" or "Permira Funds" has the meaning ascribed to "Permira Group" under "*Description of the Notes*";

- "Prospectus Regulation" means Regulation (EU) 2017/1129;

- "Refinancing" means the refinancing described in "*Summary—The Transactions—The Refinancing*";

- "Reverse Merger" means the merger of Astrum 3, the former indirect parent of the Issuer, and Sneakers Maker, former direct parent of the Issuer, into the Issuer, in accordance with Article 2501-*bis* (*et seq.*) of the Italian Civil Code, which was consummated on August 5, 2020;

- "Revolving Credit Facility" means the multi-currency revolving credit facility of €75 million made available under the Revolving Credit Facility Agreement;

- "Revolving Credit Facility Agreement" means the revolving credit facility agreement dated June 8, 2020, among, *inter alios*, the Issuer (formerly Astrum 3), as borrower, and Credit Suisse AG, Milan Branch, Goldman Sachs International Bank, Banca IMI S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Bank of America Merrill Lynch International Designated Activity Company and Barclays Bank Ireland PLC, as arrangers;

- “Securities Act” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

- “Security Agent” means Wilmington Trust (London) Limited 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;

- “Sneakers Maker” means Sneakers Maker S.p.A. a joint stock company (*società per azioni*) incorporated under the laws of Italy, which was merged into the Issuer upon completion of the Reverse Merger;

- “Topco” means Astrum S.a.p.A. di Astrum 4 S.r.l. & C., a limited partnership company (*società in accomandita per azioni*) incorporated under the laws of Italy and the direct parent of Midco, which is beneficially owned principally by funds advised by Permira;

- “Transactions” means each of the transactions and processes described in “*Summary—The Transactions*”;

- “Trustee” means Wilmington Trust, National Association, in its capacity as trustee, legal representative (*mandatario con rappresentanza*) under the terms of the Indenture, any successor trustee under the Indenture and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code; and

- “United States” or “U.S.” means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

Information contained on any website referenced in this Offering Memorandum is not incorporated by reference in this Offering Memorandum and is not part of this Offering Memorandum.

GLOSSARY OF SELECTED TERMS

"Casualization"	Refers to the clothing and footwear industry trend towards luxury casual apparel and footwear, driven by the rise of athleisure and streetwear styles;
"DOS"	Directly-operated stores;
"E-tailer"	Online retail e-commerce platforms which offer multiple brands' products;
"Generation Y"	Generation of people born between 1984 and 1996 (also known as "millennials");
"Generation Z"	Generation of people born in 1997 and after;
"NextGen"	Collectively, people belonging to Generation Y (born between 1984 and 1996) and Generation Z (born in 1997 and after);
"Ready-to-wear apparel"	Apparel manufactured in a final, finished condition and sold in standardized sizes;
"Sell-through"	Refers to the ratio of the quantity of goods sold by a retail outlet to the quantity distributed to it via wholesale;
"SKU"	Stock-keeping unit; and
"Sneakerization"	Refers to the footwear industry trend toward sneakers offerings, and the incorporation of sneakers into everyday life whether in formal or casual settings.
"Total-look"	Refers to a complete apparel ensemble, across clothing, footwear and fashion accessories.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial Information

The Issuer is a joint stock company (*società per azioni*) incorporated under the laws of Italy.

The historical financial information included in this Offering Memorandum is that of the Issuer and its consolidated subsidiaries (the "**Group**"). In particular, this Offering Memorandum includes and presents:

- The audited consolidated financial statements of Golden Goose S.p.A. as of and for the six-month period from July 1, 2020 (i.e. commencing on the "convenience" completion date of the Acquisition) to December 31, 2020, including the notes thereto (the "**2020 H2 Audited Consolidated Financial Statements**"), which were prepared in accordance with IFRS and have been audited by EY S.p.A., and the auditors' report with respect thereto, dated April 9, 2021;

- The audited consolidated financial statements of Golden Goose S.p.A. as of and for the six-month period from January 1, 2020 to June 30, 2020 (i.e. before the "convenience" completion date of the Acquisition of July 1, 2020), including the notes thereto (the "**2020 H1 Audited Consolidated Financial Statements**") which were prepared in accordance with IFRS and have been audited by EY S.p.A., and the auditors' report with respect thereto, dated April 9, 2021;

- the audited consolidated financial statements of Golden Goose S.p.A. as of and for the years ended December 31, 2019, 2018 and 2017, including the notes thereto (the "**2019-2017 Audited Consolidated Financial Statements**" and, together with the 2020 H2 Audited Consolidated Financial Statements and 2020 H1 Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"), which were prepared in accordance with IFRS and have been audited by EY S.p.A, and the auditors' report with respect thereto, dated April 10, 2020, 2020.

Unaudited *Pro Forma* Consolidated Financial Information

On June 16, 2020, Astrum 3 S.p.A. acquired control of the Group by acquiring 100% of the share capital of Sneakers Maker, S.p.A. and both companies were subsequently merged into Golden Goose S.p.A. on August 5, 2020 upon completion of the Reverse Merger. As a consequence of the Acquisition and in accordance with IFRS, our 2020 H2 Audited Consolidated Financial Statements only reflect our results of operations for the six months ended December 31, 2020, i.e. from July 1, 2020 (the "convenience" date of completion of the Acquisition for accounting purposes, designated in accordance with IFRS 3—*Business Combinations* having assessed that events between the "convenience" date and the actual acquisition date of June 16, 2020 do not result in material changes to the amounts recognized) to December 31, 2020, and only our 2020 H2 Audited Consolidated Financial Statements reflect the consolidated financial information of Golden Goose S.p.A. subsequent to the completion of the Acquisition and the Reverse Merger.

Unaudited 2020 Pro Forma Income Statement

This Offering Memorandum includes certain unaudited *pro forma* consolidated financial information, including the Issuer's unaudited *pro forma* consolidated income statement for the year ended December 31, 2020, which gives effect to the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, as if it had occurred on January 1, 2020 (the "**Unaudited 2020 *Pro Forma* Income Statement**").

To facilitate the comparability of our results across the periods under review, the 2020 income statement tables presented in the sections entitled "*Summary Consolidated Financial and Other Information*," "*Unaudited Pro Forma Consolidated Financial Information*" and "*Selected Group Consolidated Financial Information*" include the Unaudited 2020 Pro Forma Income Statement. Income statement information for the year ended December 31, 2020 disclosed elsewhere in this Offering Memorandum (excluding the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Comparison of results of operations for the years ended December 31, 2020 and December 31, 2019*" which includes the Unaudited 2020 Combined Income Statement (as defined below)) has been derived from the 2020 H1 Audited Consolidated Financial Statements and the 2020 H2 Audited Consolidated Financial Statements, each prepared in accordance with IFRS.

The Unaudited 2020 *Pro Forma* Income Statement has been derived from financial information in the 2020 H1 Audited Consolidated Financial Statements and the 2020 H2 Audited Consolidated Financial Statements, each prepared in accordance with IFRS. It also gives effect to certain assumptions and applicable adjustments that we believe are reasonable to give full-year effect to the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, as described in the notes accompanying the unaudited pro forma financial information for the year ended December 31, 2020 set forth in the section entitled "*Unaudited Pro Forma Consolidated Financial Information*." In particular, we have (i) assumed that the financing and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition had occurred on January 1, 2020, and have calculated the interest expense for the financial year accordingly; and (ii) backdated the amortization of intangible assets resulting from the final purchase price allocation.

The Unaudited 2020 *Pro Forma* Income Statement is based upon currently available information and certain assumptions, described in the accompanying notes to the Unaudited 2020 *Pro Forma* Income Statement, that management believes are reasonable under the circumstances and include adjustments which give effect to events that are directly attributable to the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, are expected to have a continuing impact on the Issuer and are factually supportable.

The Unaudited 2020 *Pro Forma* Income Statement has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Exchange Act, the Prospectus Regulation or any other generally accepted accounting principles and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards.

The Unaudited 2020 *Pro Forma* Income Statement is presented for illustrative purposes only and addresses a hypothetical situation; it, therefore, does not purport to represent what our actual results of operations for the year ended December 31, 2020 would have been if the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, had occurred on January 1, 2020. If the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, had occurred on January 1, 2020, our results of operations for the year ended December 31, 2020 could have deviated, even materially, from those described in the Unaudited 2020 *Pro Forma* Income Statement. Moreover, the Unaudited 2020 *Pro Forma* Income Statement does not include all information required for financial statements under IFRS and should be read in conjunction with the 2020 H1 Audited Consolidated Financial Statements and the 2020 H2 Audited Consolidated Financial Statements, including the notes related thereto, included elsewhere in this Offering Memorandum.

Unaudited Combined Financial Information

Unaudited 2020 Combined Income Statement

This Offering Memorandum includes the Issuer's unaudited combined income statement for the year ended December 31, 2020 (the "**Unaudited 2020 Combined Income Statement**"), which is unaudited and has been calculated by adding (i) the Issuer's audited consolidated income statement for the six months ended June 30, 2020 extracted from the 2020 H1 Audited Consolidated Financial Statements and (ii) the Issuer's audited consolidated income statement for the six months ended December 31, 2020 extracted from the 2020 H2 Audited Consolidated Financial Statements. We have included the Unaudited 2020 Combined Income Statement for informational purposes only to facilitate comparisons between the periods under review presented in the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

The Unaudited 2020 Combined Income Statement has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Exchange Act, the Prospectus Regulation or any other generally accepted accounting principles and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards.

The Unaudited 2020 Combined Income Statement has not been adjusted to give full-year effect to the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, and is presented for informational purposes only to enable comparisons between the periods under review. It, therefore, does not purport to represent what our actual results of operations for the year ended December 31, 2020 would have been if the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, had occurred on January 1, 2020. If the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, had occurred on January 1, 2020, our results of operations for the year ended December 31, 2020 could have deviated, even materially, from those described in the Unaudited 2020 Combined Income Statement. Moreover, the Unaudited 2020 Combined Income Statement does not include all information required for financial statements under IFRS and should be read in conjunction with the 2020 H1 Audited Consolidated Financial Statements and the 2020 H2 Audited Consolidated Financial Statements, including the notes related thereto, included elsewhere in this Offering Memorandum.

Unaudited 2020 Combined Cash Flow Statement

This Offering Memorandum further includes the Issuer's unaudited combined consolidated statement of cash flows for the year ended December 31, 2020 (the "**Unaudited 2020 Combined Cash Flow Statement**"), which is unaudited and has been calculated by adding (i) the Issuer's audited consolidated statement of cash flows for the six months ended June 30, 2020 extracted from the 2020 H1 Audited Consolidated Financial Statements and (ii) the Issuer's audited consolidated statement of cash flows for the six months ended December 31, 2020 extracted from the 2020 H2 Audited Consolidated Financial Statements. To facilitate the comparability of our results across the periods under review, the 2020 cash flow tables presented in this Offering Memorandum, including in the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" include the Unaudited 2020 Combined Cash Flow Statement.

The Unaudited 2020 Combined Cash Flow Statement has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Exchange Act, the Prospectus Regulation or any other generally accepted accounting principles and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards.

The Unaudited 2020 Combined Cash Flow Statement has not been adjusted to give full-year effect to the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, and is presented for informational purposes only to enable comparisons between the periods under review. It, therefore, does not purport to represent what our actual cash flows for the year ended December 31, 2020 would have been if the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, had occurred on January 1, 2020. If the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, had occurred on January 1, 2020, our cash flows for the year ended December 31, 2020 could have deviated, even materially, from those described in the Unaudited 2020 Combined Cash Flow Statement. Moreover, the Unaudited 2020 Combined Cash Flow Statement does not include all information required for financial statements under IFRS and should be read in conjunction with the 2020 H1 Audited Consolidated Financial Statements and the 2020 H2 Audited Consolidated Financial Statements, including the notes related thereto, included elsewhere in this Offering Memorandum.

Comparability of Financial Information

The 2020 H2 Audited Consolidated Financial Statements and the financial information derived therefrom reflect the consolidated financial information of Golden Goose S.p.A. subsequent to the completion of the Acquisition and the Reverse Merger by which Astrum 3 S.p.A. and Sneakers Maker S.p.A. merged into Golden Goose S.p.A. In particular, the 2020 H2 Audited Consolidated Financial Statements reflect the impact of the interest expense related to the Bridge Facility and the Revolving Credit Facility and the amortization of intangible assets resulting from the final purchase price allocation. The 2020 H2 Audited Consolidated Financial Statements and the financial information derived therefrom may therefore not be directly comparable with the remaining audited consolidated financial information presented in this Offering Memorandum.

Non-IFRS Financial Measures

This Offering Memorandum contains non-IFRS measures and ratios, including EBITDA, EBITDA margin, *Pro Forma* EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Pre-IFRS 16 Adjusted EBITDA, Pre-IFRS 16 Adjusted EBITDA margin, Run-Rate *Pro Forma* EBITDA, Run-Rate *Pro Forma* EBITDA margin, Operating Cash Flow, Adjusted Operating Cash Flow, Cash Conversion and Adjusted Cash Conversion that are not required by, or presented in accordance with, IFRS. Our non-IFRS measures are defined by us as follows:

- EBITDA consists of net result for the year before income taxes, financial expenses, financial income and depreciation and amortization;

- EBITDA margin consists of EBITDA divided by net turnover or, in the case of EBITDA margin for the year ended December 31, 2020, *Pro Forma* EBITDA divided by *Pro Forma* Net Turnover;

- *Pro Forma* EBITDA consists of EBITDA for the year ended December 31, 2020, that is derived from the Unaudited *Pro Forma* Income Statement and gives effect to the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, as if it had occurred on January 1, 2020;

- Adjusted EBITDA is defined as EBITDA (or, in the case of Adjusted EBITDA for the year ended December 31, 2020, *Pro Forma* EBITDA) adjusted to reflect the net effect of non-recurring expenses and income, primarily comprising transaction costs incurred as a result of the Acquisition as well as expenses incurred in connection with the COVID-19 pandemic, including the purchase of personal protective equipment and increased frequency of cleaning of our stores and offices;

- Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by net turnover or, in the case of Adjusted EBITDA margin for the year ended December 31, 2020, by *Pro Forma* Net Turnover;

- Pre-IFRS 16 Adjusted EBITDA is defined as Adjusted EBITDA (or, in the case of Pre-IFRS 16 Adjusted EBITDA for the year ended December 31, 2020, Adjusted *Pro Forma* EBITDA) adjusted to reverse the impact of IFRS 16—*Leases*;

- Pre-IFRS 16 Adjusted EBITDA margin is calculated as Pre-IFRS 16 Adjusted EBITDA divided by net turnover or, in the case of Pre-IFRS 16 Adjusted EBITDA margin for the year ended December 31, 2020, by *Pro Forma* Net Turnover;

- Run-Rate *Pro Forma* EBITDA is defined as Adjusted EBITDA for the year ended December 31, 2020 further adjusted to reflect: (i) the effect of other non-recurring items; (ii) the impact of the COVID-19 pandemic on sales returns; (iii) the net impact of the COVID-19 pandemic on our DOS sales; (iv) a net run-rate adjustment for the full-year impact of DOS opened during the period and (v) a negative adjustment to normalize savings on travel expenses accrued during the period;

- Run-Rate *Pro Forma* EBITDA margin is calculated as Run-Rate *Pro Forma* EBITDA divided by *Pro Forma* Net Turnover;

- Operating Cash Flow comprises the sum of cash flow generated (absorbed) by operations and cash flow generated (absorbed) by investment activities, less interest collected/(paid) and (income tax paid) for the period. Operating Cash Flow for the year ended December 31, 2020 is further adjusted for the impact of the Acquisition and the cessation of certain subsidiary and business unit activity, net of cash and cash equivalents, in an amount equal to €1,101.7 million;

- Adjusted Operating Cash Flow comprises Operating Cash Flow less expansionary capital expenditures;

- Cash Conversion is measured as Operating Cash Flow divided by Adjusted EBITDA; and

- Adjusted Cash Conversion is measured as Adjusted Operating Cash Flow divided by Adjusted EBITDA.

We present non-IFRS measures because we believe that they are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to other similarly titled measures of other companies and should not be considered in isolation or be used as a substitute for an analysis of our operating results as reported under IFRS. Non-IFRS measures and ratios are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to consolidated profit/(loss) for the year or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities. The non-IFRS measures have limitations as analytical tools. Some of these limitations are:

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

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

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

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and certain of these non-IFRS measures do not reflect any cash requirements that would be required for such replacements; and

- some of the exceptional items that we eliminate in calculating Adjusted EBITDA and Adjusted Pro Forma EBITDA reflect cash payments that were made or will in the future be made.

EBITDA, *Pro Forma* EBITDA, Adjusted EBITDA, Pre-IFRS 16 Adjusted EBITDA and Run-Rate *Pro Forma* EBITDA as used in this Offering Memorandum are not calculated in the same manner as "Consolidated EBITDA" is calculated pursuant to the Indenture governing the Notes, as described under "*Description of the Notes*" or for purposes of any of our other indebtedness.

As Adjusted Financial Information

We have also presented the following *as adjusted* measures in this Offering Memorandum:

- *As adjusted* net total debt, which consists of the sum of the Group's total financial liabilities as of the date indicated, adjusted to give *pro forma* effect to the Offering and the Refinancing, net of cash and cash equivalents;

- As adjusted net senior secured debt, which consists of the sum of the Group's senior secured financial liabilities as of the date indicated, adjusted to give *pro forma* effect to the Offering and the Refinancing, net of cash and cash equivalents; and

- *As adjusted* cash interest expense, which reflects the estimated interest expense for the year ended December 31, 2020 as if the Transactions had occurred on January 1, 2020.

The *as adjusted* non-IFRS measures, as identified above, have not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, or other SEC requirements or IFRS standards. Neither the assumptions underlying the adjustments nor the resulting *as adjusted* non-IFRS measures have been audited in accordance with any generally accepted auditing standards.

These *as adjusted* non-IFRS measures are not measures based on any other internationally accepted accounting principles, and you should not consider such items as an alternative to the historical financial position or results or other indicators of our position or performance based on IFRS measures. The *as adjusted* non-IFRS measures, as provided for in this Offering Memorandum, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our *as adjusted* non-IFRS measures are calculated. Even though these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our position or results as reported under IFRS.

Non-Financial Operating Data

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 financial accounting records and have not been audited or otherwise reviewed by outside auditors, consultants or experts. Our use or computation of these terms may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all of these terms should not be considered in isolation or as an alternative measure of performance under IFRS.

Rounding

Certain numerical figures set out in this Offering Memorandum, including financial information presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other information set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in each of the Audited Consolidated Financial Statements or the tabular presentation of other information (subject to rounding) contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof.

PRESENTATION OF INDUSTRY AND MARKET DATA

In this Offering Memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. Certain economic and industry data, market data and market forecasts set forth in this Offering Memorandum were extracted from market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants. These external sources include publicly available information about the consumer credit market as well as certain private third-party reports.

We use a combination of data provided by external sources, including information from (i) management analysis and estimates prepared in connection with the Acquisition, as well as (ii) the 2020 Bain Altagamma Luxury Study, the 2019 Bain Altagamma Luxury Study and the 2018 Bain Altagamma Luxury Study, each published by Bain & Company in relation to the luxury goods market in 2020, 2019 and 2018, respectively.

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 is not guaranteed. 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.

While we accept responsibility for accurately summarizing the information from these external sources, and as far as we are aware and able to ascertain no facts have been omitted which would render this information inaccurate or misleading, we accept no further responsibility in respect of such information.

Certain information in this Offering Memorandum, including without limitation, statements regarding the industry in which we operate, our position in the industry (also relative to our competitors), our market share and the market shares of various industry participants, are not based on published statistical data or information obtained from independent third parties, but reflects our best estimates and analyses. We have based these estimates upon information obtained from our clients, trade and business organizations and associations as well as other contacts in our industry.

We cannot assure you that our estimates or any of the assumptions underlying our estimates are accurate or correctly reflect our position in the industry. None of our internal surveys or information has been verified by any independent sources. Neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this information. All of the information set forth in this Offering Memorandum relating to the operations, financial results or market share of our competitors has been obtained from publicly available information or independent research. Neither we nor the Initial Purchasers have independently verified this information and cannot guarantee its accuracy.

In this Offering Memorandum, we refer to market positions based on our and our competitors' net turnover, revenue or net sales. These references are based on information we received from the aforementioned external sources or estimated internally based on the information available from the aforementioned external and other sources. Net turnover, revenue or net sales recognition policies may differ among companies in our industry and therefore the net turnover, revenue or net sales figures may not be comparable. In addition, our competitors' businesses are subject to various legal requirements that may not be applicable to us and the rules and regulations we follow on net turnover recognition may not apply to our competitors. We have not independently verified the accuracy or comparability of our competitors' net turnover, revenue or net sales figures or our estimates thereof and potential investors should exercise caution with respect to comparative net turnover, revenue or net sales figures presented in this Offering Memorandum. See "*Industry*."

Market shares and other industry data and information presented in this Offering Memorandum, and in particular estimated market growth rates and other industry-related forecasts, were prepared prior to or during the outbreak of the SARS-CoV-2 ("**COVID-19**") pandemic which started in late 2019 and has since had a material effect on the global economy, especially the luxury goods industry. The 2020 Bain Altagamma Luxury Study reflects the impact of the COVID-19 pandemic in 2020, but does not reflect any disruption due to the COVID-19 pandemic beyond 2020.

No other industry data or information contained herein has been updated to account for the ongoing impact of the COVID-19 pandemic on the global luxury goods market, which impact has been significant, and neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of any such data or information in this Offering Memorandum and you should not place undue reliance on such data and information. See "*Risk Factors—Risks Related to Our Business and Industry—We face risks related to health epidemics, pandemics and other outbreaks, including the COVID-19 pandemic, which could adversely affect our business*."

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated below, the high, low, average and period end Bloomberg Composite Rate (London) expressed as U.S. dollars per €1.00.

	U.S. dollars per €1.00			
	Period end	Average	High	Low
Year				
2018	1.1452	1.1811	1.2492	1.1245
2019	1.1229	1.1195	1.1533	1.0903
2020	1.2289	1.1417	1.2289	1.0667
Month				
January 2021	1.2132	1.2173	1.2300	1.2075
February 2021	1.2080	1.2095	1.2213	1.1961
March 2021	1.1750	1.1899	1.2080	1.1718
April 2021	1.2027	1.1967	1.2118	1.1761
May 2021 (through May 3)	1.2053	1.2053	1.2053	1.2053

The following table sets forth, for the periods indicated below, the high, low, average and period end Bloomberg Composite Rate (London) expressed as British pound sterling per €1.00.

	British pound sterling per €1.00			
	Period	Average	High	Low
Year				
2018	0.89842	0.88487	0.90916	0.86444
2019	0.84665	0.87732	0.92870	0.83440
2020	0.89555	0.88939	0.93214	0.83045
Month				
January 2021	0.88518	0.89235	0.90532	0.88337
February 2021	0.86625	0.87211	0.88255	0.86104
March 2021	0.85143	0.85854	0.86505	0.85143
April 2021	0.86966	0.86464	0.87157	0.84995
May 2021 (through May 3)	0.86666	0.86666	0.86666	0.86666

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

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.

Neither we nor the Initial Purchasers represent that the pound sterling amounts referred to in the tables above could be or could have been converted into euro or, in the case of euro amounts, pound sterling at any particular rate indicated or any other rate.

SUMMARY

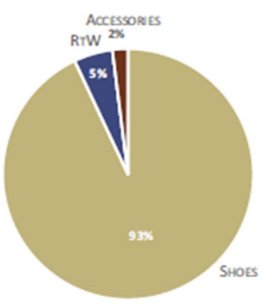
This summary highlights certain information about us and the Offering described elsewhere in this Offering Memorandum. This summary is not complete and does not contain all the information you should consider before investing in the Notes. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this Offering Memorandum, including the Audited Consolidated Financial Statements. You should read the entire Offering Memorandum carefully to understand our business, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including, without limitation, the risks discussed under the captions "Risk Factors" and "Forward-Looking Statements."

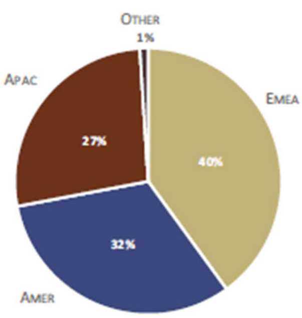
Overview

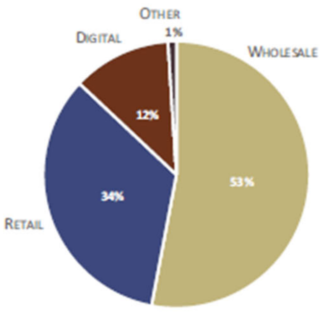
We are a global luxury fashion brand specialized in the sourcing, design and distribution of a "total look" product offering, primarily consisting of footwear and, in particular, sneakers, but also including ready-to-wear apparel as well as bags and other accessories. We believe that our distinctive and recognizable products, which include "distressed" and "vintage-feel" designs, have helped shape contemporary luxury fashion, with our products worn globally by, among others, celebrities, social media influencers and luxury product connoisseurs. In the early 2000s, we were a pioneer of both the "casualization" and "sneakerization" of the global personal luxury goods market with the creation of our signature made-in-Italy luxury sneakers, by which we helped popularize the concept of sneakers as a luxury good suitable for all occasions, whether at work or at leisure.

Founded in 2000, we have since grown to become a global luxury company, maintaining significant business operations across the Americas, EMEA (excluding Italy), Italy and APAC. For the year ended December 31, 2020, we generated €265.9 million of *Pro Forma* Net Turnover and €102.4 million of Run-Rate *Pro Forma* EBITDA, with 60% of our *Pro Forma* Net Turnover from outside of EMEA and Italy and 86% from outside of Italy, operating 126 directly-operated stores ("**DOS**") (including five duty-free stores, 14 shop-in-shop stores and eight outlets) globally. Complementing this strong physical retail network, we directly manage our own retail e-commerce channel via the Golden Goose e-boutique and proprietary Golden Goose Passport app, advanced online platforms which we believe can drive sales and enhance consumer engagement, communication and loyalty. We further maintain a selective global wholesale network, with over 900 partners worldwide across high-end multi-brand stores, departments stores and e-tailers, over which we exercise close control in terms of merchandising, branding and messaging to ensure alignment with our strategies and values. This network further complements our e-commerce presence due to our wholesalers' proprietary online capabilities.

The following charts set forth our *Pro Forma* Net Turnover for the year ended December 31, 2020 by product category, geography and distribution channel:







Note: EMEA including Italy.

We believe that, as a NextGen luxury company positioned between luxury sneakers specialists and luxury lifestyle brands, we enjoy cross-generational appeal with (with customers typically between the ages of 26 and 55 years old) our timeless design principles, while further appealing to NextGen consumers with our focus on a personalized and bespoke luxury product offering. We believe that the artisanal and hand-made nature of our products, together with our distinctive combination of high-quality materials and patina treatments, provides consumers with a distinctive experience. Notwithstanding our commitment to hand-made luxury, we sold 1.2 million pairs of shoes in 2020 (as compared to 1.2 million and 0.9 million in 2019 and 2018, respectively), which we believe demonstrated the scale, strength and resilience of our production and distribution capabilities.

In conjunction with our distinctive product offering, our comprehensive communication strategy and calibrated distribution network have helped create a brand platform that reflects the story of our company and attracts spontaneous interest and attention among our existing and potential consumers. Since we were founded, we believe that we have built strong consumer sentiment and become a "cult" brand.

Our Key Strengths

A leading company in one of the fastest-growing categories in the luxury industry

We are a leading Italian luxury brand specialized in the sourcing, design and distribution of a "total-look" product offering, primarily consisting of footwear and, in particular, sneakers, but also including ready-to-wear apparel as well as bags and other accessories. In 2020, we generated 93% of our *Pro Forma* Net Turnover from footwear, 5% from ready-to-wear apparel, and 2% from other products, such as bags and other accessories. We are a global brand with 60% of our *Pro Forma* Net Turnover generated outside of EMEA and Italy and 86% generated outside of Italy in 2020. We are the largest luxury sneakers specialist company and the third-largest company in the growing luxury sneakers market globally (in each case by net turnover), according to management analysis and estimates. In addition, we increased our luxury sneakers market share by value from 2% in 2010 to an estimated 7% in 2019, growing at a rate that was twice as fast as the wider luxury sneakers market over the same period, according to management analysis and estimates.

We believe that our success in the luxury sneakers market is primarily driven by three factors:

- **360° brand identity:** Our "Golden Goose 360°" communication strategy and selective distribution network have helped to create a respected brand identity, fostering our company values and boosting brand DNA to create a strong sense of community. By focusing on the consumer experience at every step of our communication strategy, we have created an authentic network of "brand lovers" across the globe;

- **Specialization and authenticity:** Having been a pioneer in the luxury sneakers category since the mid-2000s, we have reached an established and specialized position in this market on the basis of (i) high-quality product and design, combined with a local production network of Italian craftsmen and artisans, globally recognized by our consumer base and (ii) endorsement by celebrities and promotion by influencers around the world to whom we occasionally gift our products;

- **Distinctive point of view:** Through the recognizable shapes, high-quality materials and branding of our sneakers, we have established a timeless design and aesthetic that can be immediately associated with our brand identity. Building upon this aesthetic, we produce distinctive and bold designs that provide consumers with a bespoke, highly-tailored experience, which strongly appeals to our customer base.

We are positioned in the luxury sneakers market, which in 2019 had an estimated value of approximately €6 billion in 2019 and represented approximately 29% of the luxury footwear market by value. The luxury sneakers market has grown at a CAGR of 17% from 2010 to 2019 as compared to 9% for the overall luxury footwear market. Furthermore, growth in the luxury sneakers market is expected to continue to outpace growth in the overall personal luxury goods market mainly driven by NextGen consumers, who represent over 50% of Golden Goose customers. We believe that the growth of the overall luxury footwear market is underpinned by the following key long-term consumption trends:

- **"Casualization" and "sneakerization":** Since the 1990s, luxury footwear consumers have shifted their purchasing patterns towards more comfortable and casual footwear, such as sneakers and flats. Since 2010, this trend has further evolved into the "sneakerization" phenomenon, as consumers of all ages now seek versatile $^{24}/_{7}$ sneakers that can be worn in both casual and formal settings and on a variety of different occasions, without compromising on luxury quality and appearance.

- **Increasing consumer sophistication:** Consumers have become increasingly opinionated, knowledgeable and sophisticated with regards to sneakers as compared to other product categories (such as bags and ready-to-wear apparel), looking for distinctive and fashionable products such as ours.

- **Product customization:** Luxury consumers now desire more distinctive products and personalized experiences. Newly developed "co-creative" business models offer customized experiences with an exclusive feel that allow brands in the industry to provide the customer with an immersive in-store experience. For example, we offer the "Golden Goose Lab" concept, launched in Milan and rolled out globally in Tokyo, Dubai, Beijing and Hong Kong, which allows our customers, together with our in-store artisans, to customize their sneakers in-store by selecting one of three levels of patina treatment (light, medium or strong), as well as accessories to embellish their sneakers. We also offer the "Sneakers Maker" service, a more portable and low-cost version of the "Golden Goose Lab" concept created for stores with a smaller physical footprint and for our key wholesale clients.

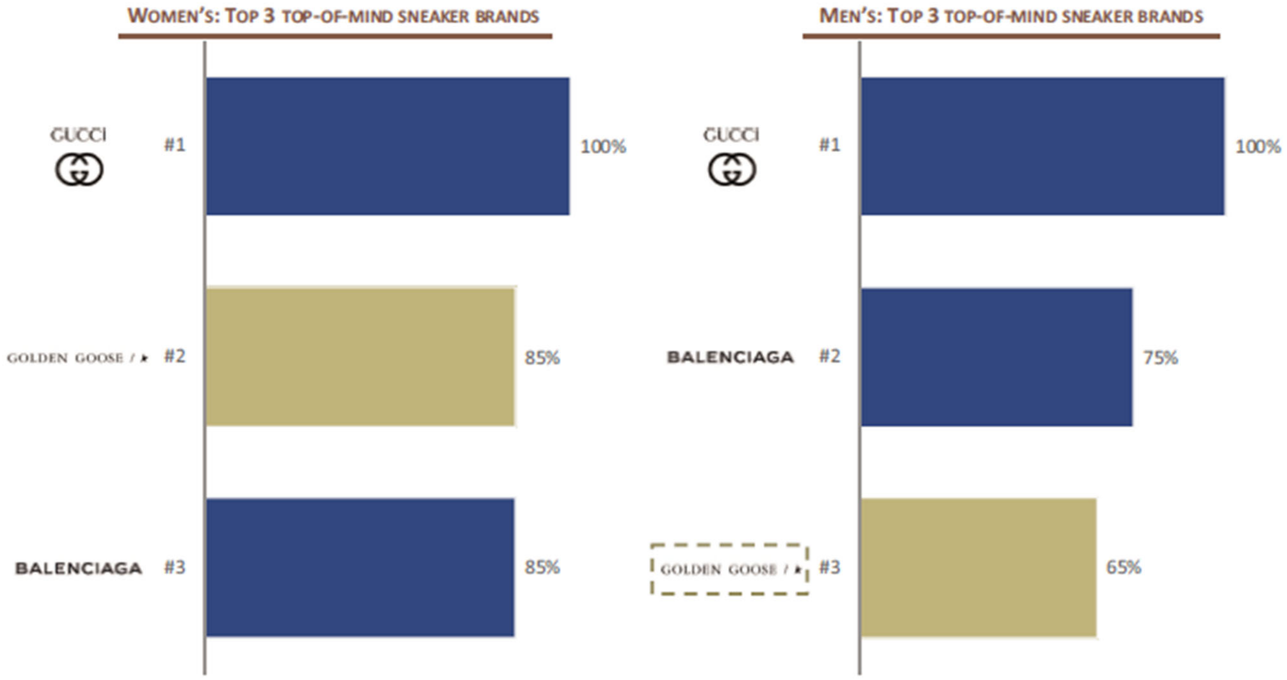
- **Online growth:** In 2018, approximately 23% of luxury footwear was sold online as compared to 10% of total personal luxury goods. E-commerce platforms are expected to become increasingly strategically important to luxury brands as they provide additional points-of-contact through which consumers discover luxury brands. We are already experiencing this trend through our e-commerce platform, with our digital distribution channel experiencing year-on-year net turnover growth of 105% between 2019 and 2020.

Unique brand identity benefiting from an engaged and loyal customer base

Golden Goose was founded in 2000 and, since the introduction of its luxury sneakers in 2007, has achieved strong international growth and global recognition. While luxury sneakers first appeared in the 1980s and 1990s, the luxury market embraced them only from the mid-2000s, when Golden Goose established luxury sneakers as a standalone category with the introduction of the "Superstar" model in 2007, characterized by a traditional sneaker shape, creative use of multi-textured materials and an innovative "distressed" look. A third-party customer survey of approximately 3,000 consumers reported that 58% of respondents believe that our Superstar sneakers are, or have the potential to become, an "iconic" personal luxury product, higher than that of any other luxury footwear product.

By producing distinctive designs, we capitalize on our brand identity that consumers associate with our brand values, such as: craftsmanship, originality and personal style. Furthermore, by emphasizing art and travel through showroom installations, catalogues and digital content (such as proprietary online travel guides), we have been able to translate our brand values into a marketing strategy based on the following pillars: the consumer experience; one-to-one consumer attention; online community engagement; and promoting cross-fertilization between our products and other domains.

Research surveys have shown that consumers recognize our brand values, with consumers designating product style, trust in the brand and product quality as our top three brand attributes. Our customers are loyal to the brand and tend to become collectors, demonstrating a willingness to make repeat purchases. According to management analysis and estimates, 26% of our customers own three or more pairs of our sneakers and, according to a survey we commissioned of approximately 1,500 respondents conducted across our four leading geographies (Italy, USA, China and South Korea) in June 2019, 78% of consumers would buy our sneakers again and 75% of consumers would buy our non-sneaker products again. A panel of 21 industry experts, interviewed in 2019, stated that we have built top-tier consumer sentiment, having become a number two top-of-mind sneaker brand for women, and a number three top-of-mind sneaker brand for men. Since we were founded, we have become a global "cult" brand, endorsed by celebrities and promoted by influencers around the world to whom we occasionally gift our products.



Source: Management analysis and estimates. Data from an interview of 21 experts of wholesale, buying, merchandising and supply chain personnel across EMEA, the United States, China and South Korea in our industry (including 10 competitors) conducted in 2019.

Memorable product design with differentiated positioning in the industry

Since the creation of our iconic Superstar sneaker in 2007, consumers have associated our products with four key product characteristics:

- **Timeless:** the shapes of our sneaker models, combined with our signature "vintage look," represent classic sneaker style that we believe have demonstrated their resilience to disruptive and temporary fashion trends;

- **Ageless:** our sneakers appeal to all generations, benefitting from the cross-generational casualization trend associating fashionability with comfort;

- **Seasonless:** we believe our sneakers have been resilient to season-specific design, due to the carry-over nature of the product across seasons; and

- **Genderless:** our sneakers are versatile across our collections, with our distinctive "distressed" style transcending gender stereotypes as a result of their one-of-a-kind style.

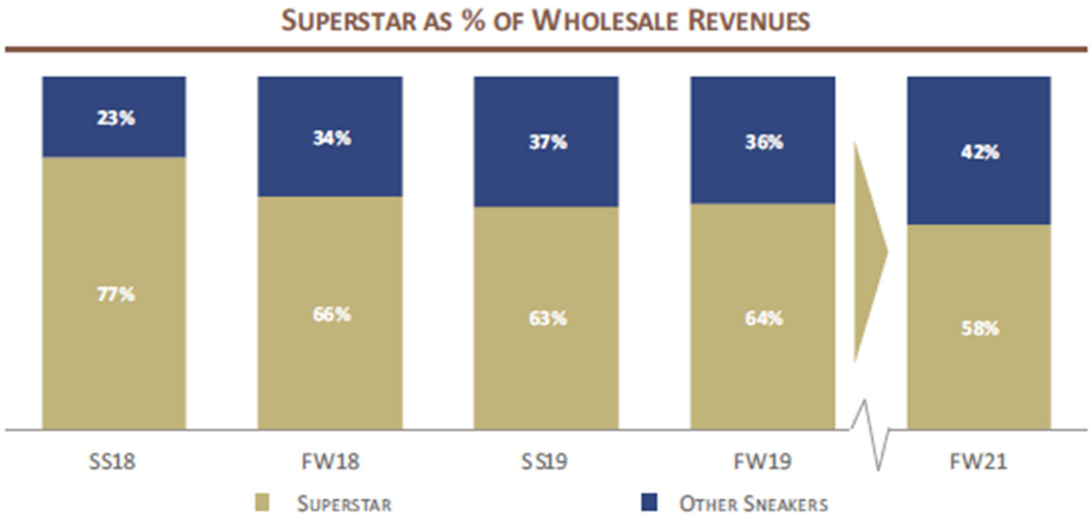
In addition, we believe that our price positioning sets us apart from our main competitors, including both luxury sneakers specialists and lifestyle brands, with an average price for women's sneakers that is approximately one-third less than that of more established luxury brands such as Gucci and Balenciaga. Our customers perceive our brand to be comparable with other NextGen luxury brands (such as Balenciaga and Saint Laurent) when considering sneakers purchases. This is the result of our day-one brand positioning as a young and modern brand that caters to NextGen consumers, who are expected to drive future growth in the luxury sneakers market.

"Next-generation" luxury business model with sophisticated merchandising strategy and selective multi-channel distribution

We operate an attractive business model that places innovation and product scarcity at its core. We consistently refresh our product portfolio and nearly all of our SKUs (other than our original white Superstar sneaker) are newly designed every season, which we believe encourages our consumers to become collectors and creates a sense of discovery. However, with only 20 sneaker models generating approximately 850 SKUs, we benefit from low production complexity, which allows us to rapidly refresh our SKUs to adapt to changes in fashion trends.

This consistent refresh of our product portfolio is coupled with a carefully managed merchandising strategy aimed at driving scarcity value. We implement staggered delivery of our collections to points-of-sale and product segmentation across channels and regions, adapting products to local tastes while minimizing cross-channel cannibalization. We also occasionally collaborate with key wholesale partners to create "private editions" of our products specifically for their businesses, which are designed with creative input from our third-party partners that are able to pinpoint the localized tastes of their markets and target customers, while limiting the volumes of bestselling products allocated to wholesale channels.

By prioritizing the consistent refresh of our product portfolio and carefully managing our distribution, we have been able to gradually reduce the net turnover share of our iconic "Superstar" sneakers in order to promote newly-introduced models, allowing us to capture new audiences with a more diversified offering. For example, from the Spring/Summer 2018 season to the Fall/Winter 2021 season, we have increased our non-"Superstar" sneakers' (such as our "Ball Star," "Running Sole," "Slide" and "Hi Star" sneaker lines) share of wholesale net turnover from approximately 23% to 42%, as set forth in the chart below.



Source: Management analysis and estimates.

This trend demonstrates the underlying innovation in our product offering, ensuring "freshness" and diversification, which we expect to drive future growth and re-balance our portfolio to an optimal mix of carryover "hero" products (such as "Superstar") and our newly-introduced models.

We strive to achieve an exclusive "market-of-one" model to address customers' desires for distinctive products and personalized experiences. Our "Golden Goose Lab" customization station concept, launched in key DOS globally, allows our "brand lovers" to customize their sneakers based on individual preferences and needs. In addition, we have developed a portable version of the "Golden Goose Lab" via our "Sneakers Maker" concept, which we have introduced in smaller DOS and the multi-brand stores of key wholesale partners, and which has proved to increase average DOS traffic by over a third as compared to prior-month performance.

Furthermore, due to the "seasonless" nature of our sneakers offering, which insulates the product category from season-specific consumer purchasing influences, we are able extend the shelf-life of our products, maximizing sell-through by extending the amount of time a particular product is offered for sale. The "seasonless" nature of our offering, combined with our "no-discount" strategy (together with our strict merchandising policy to segment products by store and geography), drives consumer perceptions of product scarcity and brand exclusivity, increasing demand. Our limited use of discounts is shown by our lower retail discounts on total retail net turnover as compared to the average retail discounts of other luxury brands (5% average discount aggregated across all product categories as compared to 15-30% average discount for competitors, according to management analysis and estimates). In addition, our policy is to avoid doing business with, or terminating existing relationships with, wholesale customers that we deem to be too promotional or unlikely or unwilling to follow our brand pricing strategy.

We follow strict criteria in selecting wholesale partners, based on a strategic approach to volumes and pricing implemented through a "no-discount" policy for both wholesale partners and end-consumers, controlled orders and a limited number of agents and distributors. Our partners are also selected based on location, limiting the number of wholesaler stores per city, and are regularly reviewed to ensure alignment with our strategy, brand image and price positioning.

The distribution of our products through a carefully selected network of over 900 wholesale partners in 2020, including many high-end department stores globally (such as Harrods, Printemps, LaRinascente, Nordstrom and Selfridges) and high-end e-tailers (such as Mytheresa, Net-A-Porter and SSENSE), enhances the scarcity and exclusivity associated with our brand. We are a top performer among our key wholesale partners, including e-tailers, with many of our partners such as Nordstrom, Neiman Marcus and Net-a-Porter selling out of stock on a per-season basis. We also benefit from an attractive floor positioning within department stores, alongside other leading luxury and designer brands. Additionally, we have developed a direct wholesale model with carefully crafted sales campaigns, supported by directly-operated showrooms in key fashion capitals, such as New York, London, Milan and Paris. New collections are presented in these showrooms rather than in runway shows, emphasizing the highly-curated and scarce nature of our product lines.

Beyond our selective third-party distribution network, we have significantly improved our direct-to-consumer/omni-channel presence with our growing DOS network, whose expansion is built upon a proven retail formula resulting in 126 DOS as of December 31, 2020 (including five duty-free stores, 14 shop-in-shop stores and eight outlets) as compared to 99 in 2019, 58 in 2018 and only one in 2013. Our standardized process for opening new DOS involves efficient and relatively modest capital expenditures, as the minimalistic, compact footprint and flexible format of our stores allows for relatively low set-up costs and favorable rent costs. Since 2020, we have also benefited from a stronger negotiating position on store leases, including on price and other key terms, as demand for commercial leases has dropped since the beginning of the COVID-19 pandemic. We believe that our historical performance, when combined with our increasing number of stores, will contribute to our growth in the near-term. We are further encouraged by the performance of DOS opened in 2020, which have performed in line with our pre-COVID-19 management forecasts for the year, with net turnover and EBITDA margins consistent with, and in many cases, higher than, historic DOS performance.

We have developed a well-defined strategy for opening new stores in selected key fashion capitals, crafted from our prior experiences in cities such as London, Paris and Milan, other strategically relevant cities and luxury vacation destinations. Our minimalist DOS are designed completely in-house in order to provide a distinctive Golden Goose-curated luxury experience. Depending on factors such as geography, size and local positioning of a particular storefront, we choose between either our classic "Venetian" design concept (focused on showcasing our full range of product categories, such as in our London flagship store) or our "Silver Wrap" design concept (providing stark monochrome silver backdrops against which our products can stand-out).

An increasing portion of our retail sales is conducted on our e-boutique, goldengoose.com, serving our customers across the world. Our e-boutique is a core part of our digital distribution channel, which has delivered year-on-year net turnover growth of 105% from 2019 to 2020. Our e-boutique enables us to be fully operational across many different countries and currencies with a global delivery platform, allowing us to nurture a direct relationship with our global customer base. With the aim of achieving an effective omni-channel experience, we have implemented or intend to implement a wide range of different initiatives such as CRM strategy and the introduction of click-and-collect and order-in-store functions to improve data collection and build a holistic view of our customers. In 2020, we bolstered our e-commerce capabilities to capitalize on increased digital demand as a result of the COVID-19 pandemic and benefited considerably from our internalization initiatives, capturing higher margins during a time of significantly increased online shopping as a result of the COVID-19 pandemic. Specifically, we have grown net turnover from our digital sales channel from €15.0 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of €30.8 million for the year ended December 31, 2020. Sales made through our direct-to-consumer e-boutique and our proprietary Golden Goose Passport app (launched in September 2019), along with our sales in our DOS, provide us with total control over pricing, merchandising, brand perception and customer experience, and allow us to capture a higher gross margin than sales made through our wholesale network.

In addition to our directly-managed online platform, we have an established presence on: (i) online marketplaces such as Farfetch, under an e-concession agreement, which we entered into in order to increase control over online distribution and product pricing and to gain valuable access to younger consumer demographics; and (ii) the software "apps" ecosystem, with our proprietary Golden Goose Passport app built to further enhance consumer engagement, online traffic, direct consumer communication and customer loyalty.

Proven track record of growth, with high margins, strong Cash Conversion and resilience

We have an established track-record of strong topline growth. Our successful international expansion, as a result of which we now sell our products in over 70 countries, has helped drive an increase in our net turnover of 42.2% from €187.0 million for the year ended December 31, 2018 to a *Pro Forma* Net Turnover of €265.9 million for the year ended December 31, 2020. Notwithstanding this rapid increase in net turnover, we have maintained a substantial EBITDA margin between 25 and 30% each year since 2018, aided by our "no-discount" policy to both wholesale customers and third-party sellers in our digital distribution channel such as e-tailers and online marketplaces. We have also maintained our EBITDA margin through the COVID-19 pandemic, which was bolstered by the higher margins generated by e-commerce sales, which increased significantly from €15.0 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of € 30.8 million for the year ended December 31, 2020. This increase in higher-margin sales was accompanied by prudent cost control activity through initiatives such as store personnel furloughs in EMEA and APAC, DOS rent renegotiation, lower-cost marketing initiatives and decreased travel expenses. Notably, we were able to maintain and even increase our net turnover for the year by approximately 1%, as compared to a median decrease in revenues among ten luxury industry competitors of approximately 20%. As these competitors have greater exposure to APAC and were able to take advantage of earlier reopenings in the region, our comparative performance was even more pronounced when excluding the region, amounting to an increase in our net turnover for the year of approximately 3% as compared to a median decrease among such competitors of approximately 27%.

We also benefit from strong cash flows, recording Adjusted Cash Conversion of 76.6%, 69.4% and 94.3% for the years ended December 31, 2018, 2019 and 2020, respectively. We prioritize prudent management of our trade working capital to optimize cash flows, particularly through: (i) active inventory management and relatively long payment periods to our suppliers, in part made possible by the strong relationships we maintain with our artisan producers, whom we consider to be key partners together with whom we have grown over the last decade; and (ii) rapid receivables collection from our wholesale customers and third-party sellers in our digital distribution channel, such as e-tailers and online marketplaces. Though the foregoing measures have proved favorable for our cash flows, we strive to maintain healthy long-standing relationships with our suppliers and wholesale customers throughout the negotiation of such payment periods in order to avoid placing undue burden on our key partners. We further manage cash flows through substantially discretionary capital expenditures. Through such measures, we were able to achieve positive cash generation for the year ended December 31, 2020, generating a Combined cash flow from operations of €49.4 million notwithstanding the opening of 29 new DOS in 2020.

Experienced management team

We benefit from an experienced management team, who works closely with our junior talents, our creative teams and the rest of our organization to drive our results and maintain our brand identity and "cult" image.

Our executive management team brings significant experience in the luxury industry, including leadership roles at global brands, such as Alexander McQueen, Calvin Klein, Emporio Armani and Geox. Our chairwoman, Maureen Chiquet, has previous leadership experiences in Chanel. In addition, we have also hired regional CEOs to further strengthen our on-the-ground presence, while bolstering our sustainability practices through the hiring of a new chief sustainability officer in 2021. Further, certain members of our management team are committed co-investors in the business, whose interests are well-aligned with the long-term growth trajectory of the business. See "*Certain Relationships and Related Party Transactions—Management Incentive Plan*."

Our organizational structure has been adapted to accommodate our recent growth with a view to creating a structure that is easily scalable to support the future needs of our business. Over the last three years, we have almost doubled the size of our teams, strengthening our regional teams with new CEOs in the United States and APAC and increasing the size of our e-commerce team. We have also bolstered our creative team with the creation of the "Start Lab" team, tasked with working across all our internal departments, including marketing, retail and merchandising, to consolidate the Golden Goose brand identity and ensure that our creative and communication strategies are applied in a coherent manner across all distribution channels and consumer interactions (e.g. retail store windows, social media initiatives and special events). We believe our growth in human capital has resulted in a well-balanced combination of Golden Goose veterans and recent hires with broader luxury sector experience.

Our Strategy

Continue to develop Golden Goose's inspired vision of luxury

We have managed to create a sense of community centered around a distinctive, inspired vision of luxury and we intend to further pursue our vision. Our vision relies on solid and distinctive brand values of craftsmanship, originality, freedom and personal style, which permeate our organization and ways of working. We believe that traditional craft is not just worth preserving, but is also relevant in the present day as the organic warmth of artisanal crafts (with desirable and natural imperfections) is a valuable human contrast to the modern digital age.

We aim to design products that carry over across seasons, conveying an idea of style that is not subject to temporary fashion trends, but rather a timeless statement that our customers will want to wear for any occasion. We also strive for "uniqueness," which for us is synonymous with authenticity and is reflected in the idiosyncratic mixing of materials and elements of our designs. We intend to continue to design innovative collections that align with "casualization" trends, resulting in comfortable and versatile products. We plan to continue to offer such bespoke-style products at a relatively lower price-positioning that we believe sets us apart from our main competitors, including both luxury sneakers specialists and lifestyle brands. Paired with our "no-discount" policy, we believe this price positioning can further strengthen our brand image as a young and modern premium luxury brand that caters to NextGen consumers who are expected to drive future growth in the luxury sneakers market.

We have managed to translate our brand values into a marketing strategy centered on bespoke consumer experiences, digital engagement and sense of belonging to a community, further driven by our high-level of spontaneous and unpaid celebrity and influencer endorsements around the world. We believe that our brand and its values resonate with NextGen consumers, as evidenced by a social media following of approximately 800,000 followers (as of December 31, 2020). We will therefore continue striving to create a loyal rather than opportunistic customer base, prioritizing marketing initiatives that reinforce our brand values and which generate marketing "buzz" among consumers (for example, our successful "Golden Goose Lab" concept).

Continue retail store roll-out

We have a clear strategy for carrying out disciplined store openings and have demonstrated our ability to launch over 25 new DOS in a calendar year (for example, 29 in 2020). Our standardized process for opening new DOS involves efficient and relatively modest capital expenditures, as the minimalistic, compact and flexible format of our stores allows for relatively low rental and set-up costs. Since 2020, we have also benefited from a stronger negotiating position on store leases, as commercial rents have dropped since the beginning of the COVID-19 pandemic. We opened over 60 DOS between 2018 and 2020, opening 29 in 2020 alone (26 on a net basis), and plan to continue our pace of openings to further diversify our geographical reach and drive sales in the near-term while maintaining our historically substantial EBITDA margins.

Notwithstanding the decrease in sales from retail channels in the 2020 financial year (from €103.4 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of €91.3 million for the year ended December 31, 2020), we are encouraged by the improving DOS sales trend that began and has continued since the second half of 2020, with our retail net turnover for the six months ended December 31, 2020 improving by 17.9% as compared to the six months ended June 30, 2020 as retail businesses were allowed to reopen gradually across our operating geographies and consumer sentiment continues to improve. We averaged positive net sales and EBITDA contributions across the Americas, APAC and EMEA for the year ended December 31, 2020. In particular, the United States and China performed well throughout the COVID-19 pandemic, with direct-to-consumer revenues (which includes e-commerce and retail sales) increasing by 48% and 83%, respectively, in the year ended December 31, 2020. Notably, retail traffic in the United States has recovered meaningfully above management expectations, partly driven by positive sales contributions from new openings, especially in states which did not implement stringent lockdown requirements, such as Texas and Florida. This overall improvement trend has continued into the months of January, February and March 2021. See "*—Recent Developments—Recent Trading*."

We aim to build upon and further develop our store-opening experience and are targeting a DOS expansion strategy across geographies, primarily in the APAC region and the Americas. We intend to continue to apply the same criteria for selecting the locations of future stores, focusing on strategically relevant cities, particularly in the United States and China as well as luxury vacation destinations, as preferred sites in our selection process. Primary locations in fashion districts and artistic neighborhoods are expected to continue to be our preferred store locations, reflecting both our brand identity and our bohemian origins.

Expand our digital presence

Prior to July 2019, our online business was managed by an independent e-commerce service provider, which received a management fee based on our e-commerce net turnover. In late 2018, we developed a plan to insource our online business in order to manage the business directly and increase channel performance by implementing closely controlled online distribution. Since our internalization in July 2019, we have achieved higher traffic volumes to the website and a higher conversion rate.

We have benefited considerably from our internalization initiatives, capturing higher margins during a time of significantly increased online shopping as a result of the COVID-19 pandemic. Specifically, we have grown net turnover from our digital sales channel from €15.0 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of €30.8 million for the year ended December 31, 2020, approximately doubling the proportion of our net turnover that is generated from our digital channel, while maintaining a stable EBITDA margin in both years that is measurably higher than the margin we generate through our wholesale channel as a result of relatively lower overhead costs (generally limited to inventory storage and distribution costs). We believe that the COVID-19 pandemic has accelerated a pre-existing trend towards higher online retail sales from which we expect to benefit.

We intend to continue to invest between 2021 and 2023 to foster additional online channel growth, including investments in new strategic hires, website segmentation strategies, artificial intelligence marketing and the launch of additional customer-centric services that will improve the shopping experience and integrate the online channel with our physical retail stores, including click-and-collect and order-in-store options.

Finally, we aim to continue to capitalize on our e-concession model, which we implemented with online fashion marketplace Farfetch as a strategic means to directly control online prices. In addition, we intend to leverage our proprietary Golden Goose Passport app to serve as a preferred platform for customer engagement.

Building upon direct control over our online platform, the Farfetch e-concession and our proprietary app, we aim to provide our customers with a fully-integrated shopping experience by creating a unified consumer experience across physical retail and online shopping. We believe our omni-channel strategy can make an important and effective contribution to combining the significant and rapid growth of our e-commerce channel with our DOS-centered retail approach.

Continue developing our wholesale presence

We have a clear wholesale channel development plan, which is supported by the historical growth of this channel that has allowed us to emerge as a top-selling brand on the shop floors of our key wholesale partners as well as wholesaler e-commerce channels, comparable to top-selling luxury brands within and beyond the luxury footwear category.

We plan to maintain our selective approach to choosing wholesale partners, keeping our number of partners broadly consistent with current numbers (over 900). We intend to work only with high-quality wholesale partners with which we share commercial strategies, including attractive in-store positioning for our products among other leading luxury and designer brands. We believe our selective approach to our wholesale relationships has benefited us during the COVID-19 pandemic, resulting in resilient financial performance in our wholesale distribution channel for the year ended December 31, 2020, generating *Pro Forma* Net Turnover of €141.1 million as compared to €142.8 million of net turnover for the year ended December 31, 2019. In particular, our wholesale partners, including both department stores and e-tailers, benefit from strong brand power (such as Harrods, LaRinascente, Nordstrom, Selfridges, Net-A-Porter and SSENSE), which we believe has attracted consumers to their commensurately strong e-commerce platforms that have been able to absorb increased digital demand during the COVID-19 pandemic.

We will continue to review our wholesale partners' performance on a regular basis to ensure alignment with the overall Golden Goose brand strategy, which includes the continuation of our no-discount, no returns and no in-season re-assortment policies (even for large partners), generating a sense of scarcity and increasing brand desirability among consumers. These measures are aimed at strategically limiting order sizes and enhancing our control on final pricing, and we couple these measures with a sophisticated merchandising strategy focused on maximum segmentation and the elimination of cannibalization across distribution channels. For example, we occasionally collaborate with key wholesale partners to create "private editions" of our products specifically for their businesses, which are designed with creative input from our third-party partners that are able to pinpoint the localized tastes of their markets and target customers. We believe product differentiation initiatives like these help insulate sales in our internalized direct-to-consumer channels (which generate higher margins) from cannibalization by the wholesale channel, while still differentiating our product offering to avoid undercutting our wholesale network. We are also exploring the potential to convert certain existing wholesale contracts to our concession model in the near-term, through which we would be able to exercise higher control over branding and price, further increasing our margins.

Increase presence in the Americas and APAC

We intend to expand our presence in both the Americas (predominantly in the United States) and APAC (predominantly China) to take advantage of expected growth trends supported by the historical track-record of healthy growth in these regions. The Americas are our fastest-growing region by net turnover (growing at a CAGR of 57.3% from the year ended December 31, 2018 to a *Pro Forma* Net Turnover of €85.7 million for the year ended December 31, 2020), with our proportion of total net turnover generated in the region growing from 18.5% in 2018 to 32.2% in 2020. Over the same period, our net turnover generated in the APAC region grew at a CAGR of 10.9% to a *Pro Forma* Net Turnover of €71.0 million for the year ended December 31, 2020. In addition, we have increased the number of new DOS openings in the APAC region from 19 in 2017 (following the acquisition of an 18-store South Korean network previously managed by a local partner) to 62 in 2020.

In line with these strong results, we expect to continue the expansion of our retail network in line with historical rates, in the APAC region and the Americas (primarily China and the United States, respectively), and achieve a total store count that is comparable to the average of our luxury goods competitors within and beyond the luxury footwear category. We recognize that both regions are strategically relevant as they demonstrate untapped potential for future growth.

We have continued to internalize our distribution into the APAC region, with the purchase of 11 franchise stores operated in China from our existing franchise partner in early 2021. This purchase has increased our control over our distribution into APAC, which we believe will further increase our volume, pricing control and margins.

Continue to integrate inclusivity and sustainability into our brand and operations

We believe our brand values and reputation align with principles of individuality and personal freedom that are reflected in our bespoke, unique designs and in the diversity of the world-at-large. Since our founding in 2000, these brand values and reputation have resonated with consumers around the world, evidenced by our presence in over 70 countries and sales around the world. Nevertheless, we continue to reinforce our commitment to inclusivity through various internal initiatives. In 2020, we engaged professional inclusion strategists and psychologists to assist management in strengthening the inclusivity of our workforce, through trainings, surveys, and "town-hall" dialogues.

While these initiatives are focused on fostering a sense of community within our company, we believe that sustainable business practices can foster a sense of community beyond our organization, reflecting a duty of care for the world. To that end, under the direction of our new CSO appointed in 2021, we have developed a sustainability roadmap that is integrated into our business strategy, as we believe sustainability is a long journey that affects all areas of our business. In particular, we are developing an extensive, ground-up approach to our production, with plans in the near future to combine artisanal production methods with sustainably sourced raw materials to produce products that are predominantly made from recycled or regenerative sources (for example, by using recycled or regenerative cotton and scrap rubber and other waste materials created as a byproduct of our traditional production processes). As our commitment to sustainability does not end after our products are sold, we are also developing initiatives to address the entire life-cycle of our products. As a luxury goods company, we believe that the products we choose to make reflect upon our principles and, therefore, that these sustainable products will promote Golden Goose values of accountability, authenticity, respect, transparency and inclusion. We hope that such processes will serve as an inspiration to our peers in the fashion industry and that they will form part of the common base of responsible business practices from which the fashion industry as a whole can move towards a more sustainable future.

In addition, we carefully examine other areas of our business, including our board, cyber security, supply chain management and store operations, to make sure it is in line with our ESG standards. For example, in 2018 we launched an audit program of the majority of our suppliers, using external consultants, addressing social aspects including health and safety. Through this program, we did not identify any critical issues or non-compliance. Nevertheless, we plan to continue this audit program in the future.

We believe that our drive for sustainability provides long-term cost and growth advantages, and that we will be well-positioned to capture new demand for sustainable products.

Maintain a disciplined financial policy to deliver profitable growth and cash generation

We intend to maintain a disciplined financial policy in the future, with a focus on de-leveraging via organic net turnover growth, high margins and high Cash Conversion. Based on our historical performance, characterized by strong net turnover growth, high EBITDA margins and attractive cash flow generation, we aim to deliver future profitability by executing our business plan founded on what we believe are demonstrated growth pillars. More specifically, we expect our future net turnover growth to result primarily from organic expansion and like-for-like growth, driven by: (i) our planned retail channel expansion (mainly in the Americas and the APAC region, primarily the United States and China, respectively) and (ii) the ramp-up of direct-to-consumer online channels through our internalized e-boutique, expansion of our e-concession model and our proprietary Golden Goose Passport app; and (iii) further wholesale penetration in the Americas, specifically the United States (particularly in existing department stores). Our growth is further supported by our supportive shareholders, which are committed to the expansion of our business globally.

We intend to manage seasonality with operating cash flows, supported by our high margins and our asset-light business model. We believe we have maintained our disciplined financial policy throughout the COVID-19 pandemic, prioritizing robust liquidity throughout 2020 supported by positive operating cash flow through the year and availability under our Revolving Credit Facility. We postponed non-essential capital expenditures in the year and successfully worked to stabilize inventories, additionally managing cash during the period via other initiatives such as rent renegotiation, the utilization of governmental furlough programs in EMEA and APAC, deferred taxation initiatives where available and reassessment of marketing initiatives. See "*Recent Developments—COVID-19*."

Our History

Since we were founded in 2000, we have progressively enlarged our product portfolio from boots and leather handbags to the launch of our iconic "Superstar" sneakers model in 2007. The launch of "Superstar" marked a pivotal moment for our brand and defined the shift of sneakers from a traditionally "mass produced" category into the luxury market with accessible entry-to-luxury price positioning.

As well as expanding our product offering, starting in 2013, we continued to expand by launching our e-commerce channel and opening our first store in Milan. At the same time, we built up our operational and organizational capabilities and structure with key management hires Silvio Campara, Sandro Baggiani and Danilo Piarulli, who currently serve as our CEO, COO and General Manager, respectively.

Our forward-looking strategy, which includes closely controlling our supply chain across all our channels, was further consolidated and promoted under the helm of the Carlyle Group who purchased the business in 2017. This acquisition provided us with the financial backing to limit our reliance on agents and other intermediaries, internalize a portion of our wholesale channel and support our retail expansion, which also contributed to increasing our profitability. Additionally, in 2017 we began to significantly expand our retail footprint outside of Italy by launching new DOS in key cities globally, including Paris, New York, Munich, London, Los Angeles and Hong Kong.

In 2019, we further pursued our channel internalization strategy by bringing in-house our retail e-boutique, over which we now exercise full control. We also launched the "Golden Goose Lab" sneakers customization station, creating authentic one-to-one experiences for our customers, who are able to personalize their sneakers in-store with support from our in-store artisans. Such meaningful in-store experiences resonate with our customers, which we believe can lead to increased consumer recommendations by word-of-mouth and social media exposure for our brand.

With an eye toward further growth, in 2020 we hired dedicated CEOs for the United States and China, reporting to our global CEO, to oversee our operations and, in particular, develop our sales channels in these regions. In 2021, we also hired a chief sustainability officer, whose primary responsibilities include overseeing our newly-structured sustainability department, emphasizing sustainable operations across our supply chain from the procurement of raw materials to the production process undertaken by our suppliers.

Principal Shareholders

Permira Funds is a European private equity firm with a global reach. Permira, as adviser to the Permira Funds, has approximately 130 professionals in 15 offices worldwide: Frankfurt, Guernsey, Hong Kong, London, Luxembourg, Madrid, Menlo Park, Milan, New York, Paris, Seoul, Shanghai, Stockholm and Tokyo. Since 1985, it has raised €44 billion of committed capital across 15 buy-out funds. Over the last three decades, Permira Funds has completed over 200 transactions, investing over €9.6 billion across over 30 investments in technology, consumer, services and healthcare. In October 2019, Permira Funds closed its latest fund, Permira VII at € 11.0 billion.

Following the Acquisition, certain members of senior management of the Group collectively indirectly hold an approximately 8% beneficial interest in the Group.

See "*Principal Shareholders*."

Recent Developments

COVID-19

The outbreak of SARS-CoV-2 ("**COVID-19**") and measures to prevent its spread, including restrictions on travel, imposition of quarantines, prolonged closures of workplaces and other businesses, and the related impact from the closure of supply chains and certain wholesale partners as well as the associated reduction in consumer demand have had, and may continue to have, an impact on our business.

In March 2020, the World Health Organization declared COVID-19 a global pandemic and governmental authorities around the world implemented measures to reduce the spread of COVID-19. For example, in January and March 2020, respectively, China and Italy, two of our main markets, imposed strict nationwide lockdowns in which, among other things, non-essential retail stores, such as our stores, were required to close for the duration of the applicable restrictions in order to control the spread of COVID-19. Other markets in which we operate, such as the United States, the United Kingdom and France, have also been affected by lockdowns and similar restrictive measures. Even when our stores reopened, the COVID-19 pandemic has impacted traffic in our stores, as a consequence of social distancing measures and local restrictions on retail shopping.

We temporarily closed most of our DOS during lockdown periods in 2020, most notably all of our DOS in China (which accounted for approximately 10% of our total DOS as of December 31, 2020) in February and almost all of our DOS in Europe and the United States (which accounted for approximately 28% and 21% of our total DOS as of December 31, 2020, respectively) from March to May. Our wholesale partners, such as multi-brand stores and department stores, were similarly impacted. Notably, however, in South Korea (which accounted for approximately 31% of our total DOS as of December 31, 2020) the local government did not implement, and as of the date of this Offering Memorandum, has not implemented any general lockdown on retail businesses as a result of the COVID-19 pandemic. Early responses to the pandemic in the APAC region, including China, resulted in partial or full re-openings at a more rapid pace than in EMEA (including Italy), and as of the date of this Offering Memorandum, all of our DOS in APAC are open for business, with six stores in EMEA currently closed for business. Lockdown measures in the Americas, specifically the United States, have varied, with our stores in major American cities such as Los Angeles and New York City being the most heavily impacted in 2020 (all of our DOS in the Americas are open as of the date of this Offering Memorandum). Across our geographies, even where stores have reopened following lockdown periods, high uncertainty associated with the unprecedented lockdown measures has resulted in a cautious ramp-up in footfall. In light of the ongoing COVID-19 pandemic, governments may decide to take additional restrictive measures in the future, which could materially impact our business. See "*Risk Factors—Risks Related to Our Business and Industry—We face risks related to health epidemics, pandemics and other outbreaks, including the COVID-19 pandemic, which could adversely affect our business*."

Despite the initial decrease in demand during the early months of the pandemic, our sales rebounded in the second half of 2020 to a *Pro Forma* Net Turnover of €265.9 million for the year ended December 31, 2020, as compared to a net turnover of €263.4 million for the year ended December 31, 2019.

In particular, we undertook a number of initiatives to support our e-commerce sales, which increased significantly from €15.0 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of €30.8 million for the year ended December 31, 2020, capturing the higher margins generated by our digital channel during a time of significantly increased online shopping as a result of the COVID-19 pandemic. For example, we launched our products in new online marketplaces targeted at the APAC market, such as T-Mall and JD.com, increased our digital marketing presence across advertising and social media outlets and undertook to optimize our online sales conversion rate via website renovation and monitoring of e-commerce data such as payment authorization rates and average time-on-site. These initiatives, combined with increased e-commerce demand globally, fully offset the decrease in retail sales for the year, and resulted in a tripling of digital sales in the United States and a doubling of digital sales in APAC. Our digital channel accounted for 12% of our total *Pro Forma* net turnover for the year ended December 31, 2020, as compared to 6% and 4% for the years ended December 31, 2019 and 2018, respectively. As most of the costs associated with our digital channel vary directly with revenue, we have been able to maintain digital margins while significantly expanding our digital distribution.

Notwithstanding the decrease in sales from retail channels in the 2020 financial year (from €103.4 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of €91.3 million for the year ended December 31, 2020), we are encouraged by the improving DOS sales trend that began and has continued since the second half of 2020, with our retail net turnover for the six months ended December 31, 2020 increasing by 17.9% compared to the six months ended June 30, 2020 as retail businesses were allowed to reopen gradually across our operating geographies and consumer sentiment continues to improve. Retail net turnover accounted for 34% of our total *Pro Forma* net turnover for the year ended December 31, 2020, compared to 39% and 31% for the years ended December 31, 2019 and 2018, respectively. Notably, retail traffic in the United States has recovered meaningfully above management expectations, partly driven by positive sales contributions from new openings, especially in states which did not implement stringent lockdown requirements such as Texas and Florida. This overall improvement trend has continued into the months of January, February and March 2021. See "*—Recent Developments—Recent Trading*." We also continued the roll-out of new stores in the Americas, APAC and EMEA, and we opened 29 new stores globally in 2020, averaging positive net sales and EBITDA contributions across all of these geographies for the year ended December 31, 2020. Notwithstanding the challenges facing retail operations in 2020, the DOS that we opened in 2020 have performed in line with our pre-COVID-19 management forecasts for the year, with EBITDA margins consistent with, and in many cases higher than, historic DOS EBITDA margin performance. In particular, the United States and China performed well throughout the COVID-19 pandemic, with direct-to-consumer net turnover (which includes e-commerce and retail DOS sales) increasing by 48% and 83%, respectively, in the year ended December 31, 2020. We believe we have a promising new store development plan in place for 2021, having opened 16 DOS in 2021 as of the date of this Offering Memorandum (including the buy-back of 11 franchise stores operated in China from our franchise partner in early 2021), and are taking advantage of the current positive business development environment, which includes variable rents and exit flexibility, among other favorable terms.

Net turnover from our wholesale channel has remained resilient during the COVID-19 pandemic, notwithstanding an initial decrease in sales during the early months of the pandemic, generating *Pro Forma* Net Turnover of €141.1 million for the year ended December 31, 2020 (53% of our total *Pro Forma* net turnover as compared to 54% and 65% for the years ended December 31, 2019 and 2018, respectively) as compared to € 142.8 million of net turnover for the year ended December 31, 2019. We prioritized wholesale channel preservation during the financial year through a number of key initiatives, including, among other initiatives: (i) halting a portion of Spring/Summer 2020 shipments to wholesalers (amounting to approximately €8 million of orders), instead selling through direct-to-consumer channels; (ii) scaling down production of the Fall/Winter 2020 collection (amounting to approximately €18 million of estimated sales); and (iii) actively managing credit risk by strengthening our credit insurance, specifically insuring the majority of our trade receivables. Importantly, we maintained our "no-discount" policy throughout the 2020 financial year, actually increasing our gross margin in the wholesale channel for the year. Our wholesale partners, including both department stores and e-tailers, also benefit from strong brand power (such as Harrods, LaRinascente, Nordstrom, Selfridges, Net-A-Porter and SSENSE), which we believe has attracted consumers to their commensurately strong e-commerce platforms that have been able to absorb increased digital demand during the COVID-19 pandemic. We continue to be encouraged going forward by the high level of visibility on our wholesale order book for Spring/Summer 2021 and Fall/Winter 2021 collections, with order book sales across both collections already higher than corresponding Spring/Summer and Fall/Winter collections in 2019 and 2020.

Since the beginning of the pandemic in 2020, we have prioritized prudent cash and liquidity management, and have not accessed any government credit-line schemes. We maintained a robust liquidity position throughout the period, having generated positive operating cash flow in each financial quarter of 2020, further supported by our Revolving Credit Facility. In June 2020, we took the precautionary step of drawing down funds totaling € 75.0 million under the Revolving Credit Facility to preserve financial flexibility. We did not utilize any portion of such drawings and repaid € 50.0 million in December 2020. In the first half of 2020, we additionally postponed non-essential capital expenditures to the second half of the year, and successfully worked to stabilize inventories, of which we recorded €53.9 million as of June 30, 2020 and €53.3 million as of December 31, 2020. We further managed cash during the period via other initiatives, such as governmental furlough programs in EMEA and APAC, through which local governments generally subsidized a portion of personnel salaries during lockdown periods, deferred taxation initiatives where available, rent renegotiation and reassessment of marketing initiatives, from which we have benefited in both 2020 and 2021.

We have not experienced disruptions to our production network in Italy notwithstanding intermittent national and regional lockdowns. We have performed and we continue to perform stock checks. We have also monitored production requirements and the capacity of our producers to prevent shortages. We have managed and will continue to monitor issues with raw material supplies, the distribution of finished goods and the availability of operating personnel.

In order to protect our workforce and maintain the continuity of our operations, we have implemented preventative measures, including social distancing in the workplace, working from home procedures for office-based employees, wearing face coverings in communal areas, providing hand sanitizer and other personal protective equipment to employees, increasing the frequency of cleaning of our stores and offices and emphasizing and educating our employees on proper personal hygiene. We incurred costs amounting to €0.1 million in relation to these and similar hygiene measures. Partially due to the success of these measures, outside of our retail stores, we have been able to manage our operations and employee absence with minimal disruption. In addition, we have implemented additional measures to prevent data security breaches especially since the risk of a breach is higher with remote working arrangements. For example, we have conducted training for our employees to identify fraudulent emails, put in place extra layers of verification procedures before payments are made and invested in a new firewall to prevent intrusions during remote log-ins.

The extent of any future impact of the COVID-19 pandemic on our business, results of operations, financial position and cash flows, including any potential impairment or other fair value adjustments, will depend largely on future developments, including the duration and spread of the pandemic in the markets in which we operate.

For additional detail, see "*Risk Factors—Risks Related to Our Business and Industry—We face risks related to health epidemics, pandemics and other outbreaks, including the COVID-19 pandemic, which could adversely affect our business*."

Recent Trading

The following information relating to our performance for the months of January, February and March 2021, is derived from our internal management accounts for the months of January, February and March, 2021, which are prepared in accordance with generally accepted accounting principles in Italy and which may therefore not be directly comparable with our Audited Consolidated Financial Statements, which are prepared in accordance with IFRS. This information has been prepared by management. It has not been audited, reviewed, verified or subject to any procedures by our auditors, and you should not place undue reliance on it. Because this information is preliminary, it is subject to change and those changes could be material. See "Forward-Looking Statements" and "Risk Factors" for a discussion of certain of the factors that could affect our future performance and results of operation.

We estimate that our net sales for the three months ended March 31, 2021 increased by approximately 11% as compared to our revenue for the three months ended March 31, 2020. This increase was due mainly to the prior-year impact of the COVID-19 pandemic and the strict lockdown rules imposed in our main markets, which resulted in many of our stores being temporarily closed and people being largely unable to travel. For example, a lack of Chinese tourism has materially affected our duty-free stores in Korea. Though some of our stores, and the stores of our wholesale partners, remain closed as of the date of this Offering Memorandum, retail businesses have generally been allowed to reopen gradually across our operating geographies and consumer sentiment continues to improve, driving improved results compared to the three months ended March 31, 2020.

The increase in total revenue was driven primarily by our digital and wholesale channels. Our digital distribution channel continues to grow, and we estimate an approximately 60% increase in net sales for the three months ended March 31, 2021 as compared to the equivalent prior-year period. We estimate that sales through the digital distribution channel comprised approximately 11% of total net sales for the three months ended March 31, 2021 compared to approximately 8% during the equivalent prior-year period. Despite stores reopening in many countries, digital sales remained strong the three months ended March 31, 2021. We estimate that wholesale net sales increased by approximately 13% for the three months ended March 31, 2021 compared to the equivalent prior-year period (we estimate an increase in wholesale net sales of over 90% for March 2021 as compared to March 2020, a decrease of approximately 9% for February 2021 as compared to February 2020 and an increase of approximately 1% for January 2021 as compared to January 2020), above our budget for the period, as continue to benefit from a strong order book and as our wholesale customers prepare for increased demand as a result of gradual store reopenings. We estimate that retail net sales decreased by approximately 3% for the three months ended March 31, 2021 compared to the equivalent prior-year period. We estimate that the decrease in retail revenue was primarily attributable to January sales, with an approximately 45% decrease in retail revenue for the month ended January 31, 2021 compared to the equivalent prior-year period. However, retail net sales rebounded strongly in March 2021, increasing by approximately 68% compared to March 2020 according to our estimates (we estimate that our retail net sales in February 2021 and January 2021 increased by approximately 10% and decreased by approximately 45%, respectively, as compared to February 2020 and January 2020).

As stores began to reopen and lockdown rules were lifted in some countries, we were encouraged by our March results, with total net sales for the month ended March 31, 2021 estimated at an approximately 80% increase compared to the equivalent prior-year period (for the months ended February 28, 2021 and January 31, 2021, we estimate an increase of approximately 2% and a decrease of approximately 16%, respectively, as compared to the equivalent prior-year periods). This increase was primarily due to (i) the strong performance of our stores that remained open or reopened in March (we estimate that our retail net sales in March 2021 increased by approximately 68% compared to March 2020) and (ii) the continued strong performance of our digital distribution channel (we estimate that our digital net sales increased by approximately 83% in March 2021 compared to March 2020, 54% in February 2021 compared to February 2020 and 43% in January 2021 compared to January 2020).

For a discussion of our revenue on an annual basis, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations*."

The Transactions

On June 16, 2020, Permira indirectly acquired, through Astrum 3, the entire issued share capital of Sneakers Maker and, indirectly, its subsidiaries, including the Issuer (the "**Acquisition**"). In connection with the Acquisition, Astrum 3 entered into a bridge facility agreement (the "**Bridge Facility Agreement**"), which provided for term borrowings of €470.0 million (the "**Bridge Facility**"), and a revolving credit facility agreement (the "**Revolving Credit Facility Agreement**") which provided for aggregate multi-currency borrowings of up to €75.0 million (the "**Revolving Credit Facility**").

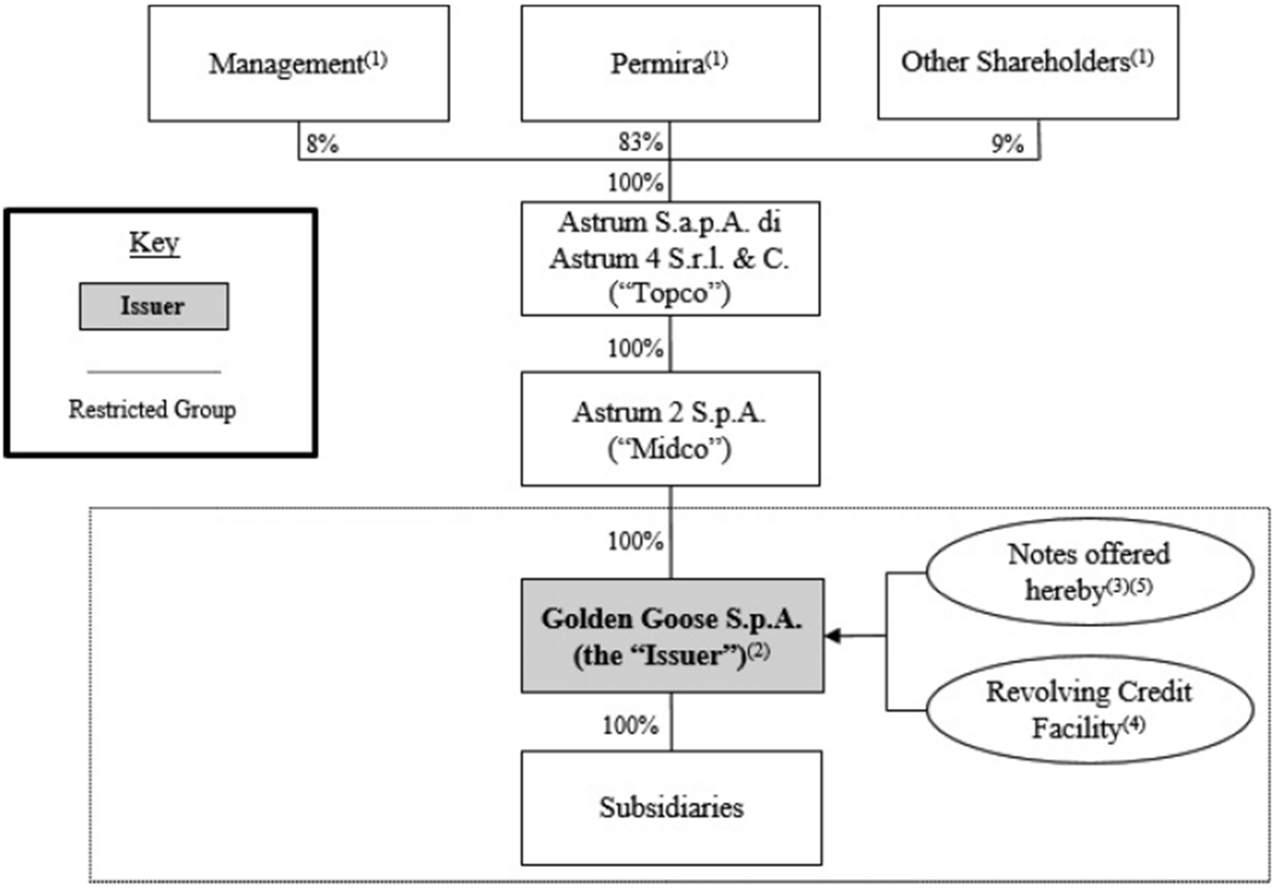
The amounts drawn under the Bridge Facility were used, together with shareholder contributions, to (i) pay the purchase price for the Acquisition, (ii) repay in full and cancel the existing indebtedness of the Issuer, (iii) pay fees and expenses in connection with the Acquisition, the repayment and cancellation of the existing indebtedness of the Issuer and the entry into the Bridge Facility Agreement and Revolving Credit Facility Agreement and (iv) fund cash to the Issuer's balance sheet for general corporate purposes. On August 5, 2020, in accordance with applicable Italian laws, we merged Astrum 3 and Sneakers Maker into the Issuer (the "**Reverse Merger**").

We estimate that the aggregate gross proceeds of the Offering, taking into account original issue discount, will be €470.4 million. On or about the Issue Date, we will use the proceeds from the Offering, together with cash on balance sheet, to (i) repay and cancel the Bridge Facility (the "**Refinancing**") and (ii) pay fees and expenses in connection with the Offering and the Refinancing. See "*Use of Proceeds*."

The Acquisition, the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, the Reverse Merger, this Offering and the Refinancing are collectively referred to herein as the "**Transactions**."

CORPORATE STRUCTURE AND CERTAIN FINANCING ARRANGEMENTS

The following charts summarize our corporate and financing structure as of the date of this offering memorandum adjusted to give effect to the Offering and the Refinancing. The charts are provided for illustrative purposes only and do not represent all legal entities or debt obligations of the entities presented. For a summary of the debt obligations identified in the charts, please refer to the sections entitled "Description of the Notes," "Description of Certain Financing Arrangements" and "Capitalization."



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(1) Permira indirectly owns (through intermediate holding companies) approximately 83% of the share capital of Topco, the indirect parent of the Issuer. Additionally, in connection with the Acquisition, certain members of our senior management team made investments, directly or indirectly, in the equity of Topco, amounting to approximately 8% of the share capital of Topco, with certain other investors holding approximately 9% of the share capital of Topco. For a description of our principal shareholders, see "*Principal Shareholders*."

(2) Golden Goose S.p.A. (the "**Issuer**") is a joint stock company (*società per azioni*) incorporated under the laws of Italy. The Issuer is the main operating company of the Group. The Issuer's material assets and liabilities include its interests in the issued and outstanding shares of its subsidiaries and (after the completion of the Offering and the Refinancing) its outstanding indebtedness under the Notes, the Revolving Credit Facility and certain intercompany balances incurred in connection with the Transactions described in this Offering Memorandum. On August 5, 2020, in accordance with applicable Italian laws, we merged Astrum 3 S.p.A. and Sneakers Maker S.p.A. into the Issuer (the "**Reverse Merger**"). As of and for the year ended December 31, 2020, the Issuer accounted for 97.5% of our consolidated total assets and 71.4% of our EBITDA.

(3) The Notes will be senior obligations of the Issuer. On the Issue Date, subject to the Intercreditor Agreement and certain agreed security principles, the Notes will be secured by first-ranking interests in all of the share capital of the Issuer (the "**Collateral**"). The Collateral also secures, on a first-ranking basis, the Revolving Credit Facility (as defined herein). See "*Description of the Notes—Security*."

(4) On June 8, 2020, the Issuer (formerly Astrum 3 S.p.A.) entered into a revolving credit facility agreement among, *inter alios*, the Issuer, as borrower, and Credit Suisse AG, Milan Branch, Goldman Sachs International, Banca IMI S.p.A. (now merged into Intesa Sanpaolo S.p.A.), Bank of America Merrill Lynch International Designated Activity Company and Barclays Bank Ireland PLC, as arrangers (the "**Revolving Credit Facility Agreement**") providing for a multi-currency revolving credit facility of €75 million (the "**Revolving Credit Facility**"). The Revolving Credit Facility is secured on a first-ranking basis by the Collateral. Under the terms of the Intercreditor Agreement (as defined herein), the holders of the Notes will receive proceeds from the enforcement of the Collateral after the lenders under the Revolving Credit Facility and counterparties to certain cash management obligations and certain hedging obligations, if any, have been repaid in full. See "*Description of Certain Financing Arrangements—Revolving Credit Facility*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

(5) On the Issue Date, the Notes will not be guaranteed. The Notes will not be guaranteed unless a Restricted Subsidiary (as defined in the Indenture) becomes an additional Guarantor (as defined in the Indenture) in the future. Such guarantees, if any, will be subject to legal and contractual limitations. See "*Description of the Notes—Limitation on Additional Guarantees*," "*Risk Factors—Risks Related to the Notes and*

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

THE OFFERING

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

Issuer:	Golden Goose S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy.
Notes Offered:	€480,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2027.
Issue Date:	May 14, 2021.
Issue Price:	98.000% (plus accrued and unpaid interest from the Issue Date, if any).
Maturity Date:	May 14, 2027.
Interest Rate:	Three-month EURIBOR (subject to a 0% floor) plus 4.875% *per annum*, reset quarterly.
Interest Payment Dates:	Interest is payable quarterly in arrears on each February 15, May 15, August 15, and November 15, commencing on August 15, 2021.
Form and Denomination:	The Issuer will issue the Notes on the Issue Date in global registered form. Each Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof. No Notes in denominations of less than €100,000 will be available. The Notes will be maintained in book-entry form.

Ranking of the Notes:

The Notes will:

- be general senior obligations of the Issuer, secured as set forth below under "—*Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes, including the Issuer's obligations under the Revolving Credit Facility Agreement, certain cash management obligations and certain hedging obligations, if any (provided that, pursuant to the terms of the Intercreditor Agreement, in the event of a distressed disposal of the Collateral or an enforcement of the security interests over the Collateral, counterparties to certain cash management obligations and certain hedging obligations, if any, and creditors under the Revolving Credit Facility will be repaid with the proceeds from the enforcement of the Collateral in priority to the Notes);
- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- be effectively subordinated to any existing or future indebtedness or obligation of the Issuer and its subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness; and
- will not be guaranteed on the Issue Date and will be structurally subordinated to any existing or future indebtedness of the Issuer's subsidiaries that do not guarantee the Notes (which, as of the Issue Date, includes all of the Issuer's subsidiaries but which may be subject to change in the future), including obligations to trade creditors.

The Notes will be subject to the terms of the Intercreditor Agreement, including certain exceptions and turnover provisions. In addition, the Issuer's obligations in respect of the Notes may be released in certain circumstances. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Risk Factors—Risks Related to the Notes, the Note Guarantees and the Collateral*."

Security, Enforcement of Security:

On the Issue Date, subject to certain permitted collateral liens, the Notes will be secured by first-ranking interests in all of the share capital of the Issuer (the "**Collateral**"):

The Collateral also secures, on a first-priority basis, the Revolving Credit Facility and may also secure certain future indebtedness. The Collateral will be granted subject to the terms of the Intercreditor Agreement, certain agreed security principles and the terms of the security documents.

Under the terms of the Intercreditor Agreement, the holders of Notes will receive proceeds from the enforcement of the Collateral only after creditors of the Super Senior Creditor Liabilities (as defined therein), the Security Agent, the Trustee, any receiver or delegate and certain other creditor representatives have been repaid in full. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

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

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

Use of Proceeds............................ The proceeds from the Offering, together with cash on balance sheet, will be used to (i) complete the Refinancing and (ii) pay fees and expenses in connection with the Offering and the Refinancing. See "*Use of Proceeds*."

Optional Redemption.................. The Issuer may redeem all or part of the Notes at any time on or after November 14, 2022 at par as described under "*Description of the Notes—Optional Redemption.*"

At any time prior to November 14, 2022, the Issuer may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption plus a "make-whole" premium, as described under "*Description of the Notes—Optional Redemption.*"

Additional Amounts; Tax Redemption:............................ Any payments made by or on behalf of the Issuer in respect of the Notes will be made without withholding or deduction for, or on account of, taxes in any Relevant Taxing Jurisdiction (as defined in "*Description of the Notes—Withholding Taxes*") unless required by law. Subject to certain exceptions and limitations, if any such withholding or deduction for, or on account of, taxes is required by law to be made from any payments made by or on behalf of the Issuer with respect to any Note, the Issuer will pay the additional amounts (as defined in "*Description of the Notes—Withholding Taxes*") necessary so that the net amount received by each holder of the Notes after such withholding or deduction (including any such deduction or withholding in respect of the additional amounts) is not less than the amount that such holder would have received in the absence of such withholding or deduction.

The Issuer is organized under the laws of the Republic of Italy and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. Subject to and as set forth in "*Description of the Notes—Withholding Taxes*," the Issuer will not be liable to pay any additional amounts to holders of the Notes if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) ("Decree No. 239") or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 (as the same may be amended or supplemented from time to time) ("Decree No. 461"), except, in the case of Decree No. 239 and Decree No. 461, where the procedures required under Decree No. 239 or Decree No. 461, as applicable, in order to benefit from an exemption have not been complied with due solely to the actions or omissions of the Issuer or its agents. See "*Description of the Notes—Withholding Taxes*."

Although we believe that, under current law, Italian substitute tax will not be imposed under Decree No. 239 or Decree No. 461 where a holder of Notes is resident for tax purposes in a country which allows for a satisfactory exchange of information with Italy included in the White List and such holder of Notes complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree No. 239 or Decree No. 461 after the date hereof, including any change in the countries included in the White List. See "*Description of the Notes—Withholding Taxes*." Prospective purchasers of Notes should consult their tax advisors as to the overall tax consequences of acquiring, holding and disposing of the Notes and receiving payments of interest, principal or any other amounts under the Notes, including, in particular, the effect of any state, regional or local tax laws of any country or territory.

If certain changes in the law (or in its interpretation) of any Relevant Taxing Jurisdiction become effective on or after the issue date of the Notes and, as a result, the Issuer is, or on the next interest payment date in respect of the Notes would be, required to pay additional amounts and such obligation cannot be avoided by taking reasonable measures available to the Issuer, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*."

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

Certain Covenants: The Indenture among other things, restricts or will restrict the ability of the Issuer and its Restricted Subsidiaries (as defined therein), to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or incur certain liens;
- impose restrictions on the ability of the Issuer's subsidiaries to pay dividends;
- transfer or sell certain assets;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates; and
- impair the security interests created for the benefit of the holders of the Notes.

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

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

Transfer Restrictions: The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale. See "*Transfer Restrictions*." We have not agreed to, or otherwise undertaken to, register the Notes under the securities laws in any jurisdiction (including by way of an exchange offer).

OID: The Notes will be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. U.S. Holders (as defined under "*Taxation—Certain U.S. Federal Income Tax Considerations*") generally will be required to include such OID in gross income (as ordinary income) on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. Holders generally will include any OID in income in advance of the receipt of cash attributable to such income. See "*Taxation—Certain U.S. Federal Income Tax Considerations—Original Issue Discount*."

No Established Market for the Notes: The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the Notes.

Listing and Trading: Application will be made to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market in accordance with the rules thereof. In addition, application will be made to obtain listing of the Notes on the Vienna Stock Exchange. There is no assurance that the Notes will be, or will remain, listed and admitted to trading on the Euro MTF Market or on the Vienna Stock Exchange.

Governing Law: The Indenture and the Notes will be governed by the laws of the State of New York. The Intercreditor Agreement and the Revolving Credit Facility Agreement are governed by English law. The security documents will be governed by Italian law.

Trustee: Wilmington Trust, National Association.

Paying Agent: The Bank of New York Mellon, London Branch.

Registrar: The Bank of New York Mellon SA/NV, Dublin Branch.

Transfer Agent: The Bank of New York Mellon SA/NV, Dublin Branch.

Security Agent: Wilmington Trust (London) Limited.

Calculation Agent: The Bank of New York Mellon, London Branch.

RISK FACTORS

Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum and, in particular, you should evaluate the specific risk factors set forth in the "*Risk Factors*" section of this Offering Memorandum before making a decision whether to invest in the Notes.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables present the summary historical consolidated financial information and operating data of the Issuer. The Audited Consolidated Financial Statements were prepared in accordance with IFRS and were audited by EY S.p.A. The summary historical consolidated financial information in the tables below is derived from the Audited Consolidated Financial Statements except that (i) the unaudited pro forma consolidated income statement information for the year ended December 31, 2020 is unaudited and is derived from the Unaudited 2020 Pro Forma Income Statement and (ii) the combined consolidated statement of cash flows for the year ended December 31, 2020 is unaudited and is derived from the Unaudited 2020 Combined Cash Flow Statement. See "Presentation of financial and other information." The following tables should be read in conjunction with the Audited Consolidated Financial Statements which are reproduced elsewhere in this Offering Memorandum and the sections entitled "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

On June 16, 2020, Astrum 3 S.p.A. acquired control of the Group by acquiring 100% of the share capital of Sneakers Maker, S.p.A. and both companies were subsequently merged into Golden Goose S.p.A. on August 5, 2020 upon completion of the Reverse Merger. As a consequence of the Acquisition and in accordance with IFRS, our 2020 H2 Audited Consolidated Financial Statements only reflect our results of operations for the six months ended December 31, 2020, i.e. from July 1, 2020 (the "convenience" date of completion of the Acquisition for accounting purposes, designated in accordance with IFRS 3—Business Combinations having assessed that events between the "convenience" date and the actual acquisition date of June 16, 2020 do not result in material changes to the amounts recognized) to December 31, 2020, and only our 2020 H2 Audited Consolidated Financial Statements reflect the consolidated financial information of Golden Goose S.p.A. subsequent to the completion of the Acquisition and the Reverse Merger.

The 2020 H2 Audited Consolidated Financial Statements and the financial information derived therefrom reflect the consolidated financial information of Golden Goose S.p.A. subsequent to the completion of the Acquisition and the Reverse Merger by which Astrum 3 S.p.A. and Sneakers Maker S.p.A. merged into Golden Goose S.p.A. In particular, the 2020 H2 Audited Consolidated Financial Statements reflect the impact of the interest expense related to the Bridge Facility and the Revolving Credit Facility and the amortization of intangible assets resulting from the final purchase price allocation. The 2020 H2 Audited Consolidated Financial Statements and the financial information derived therefrom may therefore not be directly comparable with the remaining audited consolidated financial information presented in this Offering Memorandum.

Consolidated Financial Information of the Group

Consolidated Profit and Loss

	For the year ended		For the six months ended		For the year ended
	December 31, 2018	December 31, 2019	June 30, 2020	December 31, 2020	December 31, 2020[(1)] (pro forma)
	(€ millions)				
Net turnover	**187.0**	**263.4**	**109.6**	**156.3**	**265.9**
Cost of goods sold	(84.1)	(103.4)	(39.8)	(59.8)	(99.6)
Net margin	**102.8**	**160.0**	**69.8**	**96.5**	**166.3**
Selling and distribution expenses	(35.7)	(49.7)	(29.0)	(39.4)	(68.4)
General and administration expenses	(15.6)	(31.1)	(15.3)	(56.5)	(77.9)
Marketing and advertising	(8.4)	(7.6)	(2.8)	(5.9)	(8.7)
Operating result (EBIT)	**43.0**	**71.7**	**22.7**	**(5.3)**	**11.3**
Financial income	1.7	1.7	1.7	2.5	4.2
Financial expenses	(10.7)	(29.2)	(14.3)	(25.9)	(46.9)
Profit before tax	**34.0**	**44.2**	**10.1**	**(28.7)**	**(31.4)**
Income taxes	(6.3)	(8.7)	(4.5)	3.9	2.7
Net result	**27.7**	**35.5**	**5.6**	**(24.8)**	**(28.7)**

(1) For further information on the Unaudited 2020 *Pro Forma* Income Statement, see "*Presentation of Financial and Other Information—Unaudited Pro Forma Consolidated Financial Information—Unaudited 2020 Pro Forma Income Statement.*"

Summary Group Consolidated Statement of Financial Position

	As of December 31, 2018	2019	2020
	(€ millions)		
ASSETS			
Intangible assets	462.8	469.8	1,441.6
Tangible assets	16.9	29.2	37.1
Right of use	56.2	80.1	94.2
Deferred tax asset	7.2	12.4	16.6
Non-current financial assets	1.1	1.9	0.7
Other non-current assets	2.2	4.3	5.3
Non-current assets	**546.5**	**597.8**	**1,595.5**
Inventories	30.1	45.4	53.3
Accounts receivable	32.3	36.5	33.7
Current Tax assets	4.7	5.7	0.1
Other current non-financial assets	2.5	5.9	9.4
Current financial assets	0.0	1.3	5.8
Cash and cash equivalents	17.6	27.2	78.3
Current Assets	**87.2**	**122.0**	**180.6**
Total Assets	**633.7**	**719.8**	**1,776.1**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	1.0	1.0	1.0
Share premium	301.3	182.6	182.6
Other reserves	8.6	32.4	684.8
Results for the year	27.7	35.6	(24.8)
Shareholders' equity	**338.6**	**251.7**	**843.6**
Minority equity	**—**	**(0.1)**	**(0.1)**
Total Equity	**338.6**	**251.5**	**843.6**
Provisions for severance indemnities	0.8	1.1	1.7
Deferred tax liabilities	58.6	58.7	246.2
Non-current provisions for risks and charges	0.5	0.3	0.3
Non-current financial debt	166.5	73.0	544.4
Other non-current debt	0.1	0.1	—
Non-current liabilities	**226.5**	**133.2**	**792.6**
Trade payables	43.4	55.0	64.3
Other current non-financial liabilities	6.0	11.4	13.0
Current Tax liabilities	0.9	13.2	0.8
Current provisions for risks and charges	2.0	2.0	6.1
Current financial liabilities	16.3	253.4	55.8
Current liabilities	**68.6**	**335.0**	**139.9**
Total liabilities and shareholders' equity	**633.7**	**719.8**	**1,776.1**

Summary Consolidated Cash Flow Statement

	For the year ended December 31, 2018	For the year ended December 31, 2019	For the six months ended June 30, 2020	For the six months ended December 31, 2020	For the year ended December 31, 2020[(1)] (combined)
	(€ millions)				
Cash flow generated (absorbed) by operations	**34.8**	**71.8**	**22.1**	**27.3**	**49.4**
Cash flow generated (absorbed) by investment activities	**(15.5)**	**(30.5)**	**(11.5)**	**(1,007.7)**	**(1,019.2)**
Cash flow generated (absorbed) by financial activities	**(12.4)**	**(31.7)**	**72.2**	**1,058.6**	**1,130.8[(2)]**
Increase (decrease) of cash and cash equivalents	**6.9**	**9.7**	**82.8**	**78.2**	**—**

Cash and cash equivalents at the beginning of the period..........................	10.7	17.6	27.2	0.1	—
Cash and cash equivalents at the end of the period.......	**17.6**	**27.2**	**110.0**	**78.3**	**—**

(1) The cash flow information for the year ended December 31, 2020 is unaudited and has been calculated by adding (i) the Issuer's audited consolidated statement of cash flows for the six months ended June 30, 2020 and (ii) the Issuer's audited consolidated statement of cash flows for the six months ended December 31, 2020. We have included this Unaudited 2020 Combined Cash Flow Statement for informational purposes only to facilitate comparisons between the periods under review presented in this section. The Unaudited 2020 Combined Cash Flow Statement has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Exchange Act, the Prospectus Regulation or any other generally accepted accounting principles and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards. See "*Presentation of Financial and Other Information*."

(2) As the Unaudited Combined Cash Flow Statement combines the cash flows of the Issuer prior to and after the Acquisition, combined cash flow generated (absorbed) by financial activities for the year ended December 31, 2020: (i) includes, also in the six-month period ended June 30, 2020, the effect of the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, which was completed before June 30, 2020 and is therefore reflected in the cash and cash equivalents held by Golden Goose S.p.A. as of June 30, 2020, which amounted to €110.0 million; and (ii) does not reflect the €0.1 million of cash and cash equivalents held by Astrum 3 S.p.A. at the beginning of the six months ended June 30, 2020.

Other Financial and Operating Data

	For the year ended		For the six months ended		For the year ended
	December 31, 2018	**December 31, 2019**	**June 30, 2020**	**December 31, 2020**	**December 31, 2020[(1)]**
			(€ millions)		
Operating Cash Flow[(2)]...	31.5	50.6	—	—	69.9
Adjusted Operating Cash Flow[(2)]........................	41.9	63.6	—	—	83.0
Cash Conversion[(3)]	57.6%	55.2%	—	—	79.4%
Adjusted Cash Conversion[(4)]	76.6%	69.4%	—	—	94.3%
Pro Forma Net Turnover					265.9
EBITDA[(5)]	54.7	91.4	36.1	33.2	69.3[(6)]
EBITDA margin[(7)]..........	29.3%	34.7%	32.9%	21.2%	26.1%
Adjusted EBITDA[(8)].......	54.7	91.6	36.7	51.3	88.0
Adjusted EBITDA margin[(9)]	29.3%	34.8%	33.5%	32.8%	33.1%
Pre-IFRS 16 Adjusted EBITDA[(10)]................	46.8	77.7	27.7	41.2	68.9
Pre-IFRS 16 Adjusted EBITDA margin[(11)].....	25.1%	29.5%	25.3%	26.4%	25.9%
Run-Rate *Pro Forma* EBITDA[(8)]					102.4
Run-Rate *Pro Forma* EBITDA margin[(12)]..........					38.5%

(1) The (i) income statement information used to calculate the other financial and operating data presented in this table for the year ended December 31, 2020 has been derived from the Unaudited 2020 *Pro Forma* Income Statement and (ii) cash flow information used to calculate the other financial and operating data presented in this table, other than as noted in footnotes (2) below, has been derived from the Unaudited 2020 Combined Cash Flow Statement.

(2) Operating Cash Flow comprises the sum of cash flow generated (absorbed) by operations and cash flow generated (absorbed) by investment activities, less interest collected/(paid) and (income tax paid) for the period. Operating Cash Flow for the year ended December 31, 2020 is further adjusted for the impact of the Acquisition and the cessation of certain subsidiary and business unit activity, net of cash and cash equivalents, in an amount equal to €1,101.7 million. Adjusted Operating Cash Flow comprises Operating Cash Flow less expansionary capital expenditures.

The reconciliation of cash flow generated (absorbed) by operations to Operating Cash Flow and Adjusted Operating Cash Flow is as follows:

	For the year ended December 31,		
	2018	**2019**	**2020 (combined)**
		(€ millions)	
Cash flow generated (absorbed by) operations..........	34.8	71.8	49.4

Cash flow generated (absorbed) by investment activities	(15.5)	(30.5)	(1,019.2)
Interest collected/(paid)	8.8	14.1	29.2
(Income tax paid)	3.4	(4.8)	18.8
Mergers/Acquisitions/Cessation of subsidiaries or business units net of cash and cash equivalents	—	—	991.7
Operating Cash Flow	**31.5**	**50.6**	**69.9**
Expansionary capital expenditures[(a)]	10.4	13.0	13.1
Adjusted Operating Cash Flow	**41.9**	**63.6**	**83.0**

(a) Expansionary capital expenditures consist of start-up expenditures relating to new DOS openings during the period.

(3) Cash Conversion is measured as Operating Cash Flow divided by Adjusted EBITDA. The reconciliation of Cash Conversion is as follows:

	For the year ended December 31,		
	2018	**2019**	**2020 (combined)**
	(€ millions)		
Operating Cash Flow (A)	31.5	50.6	69.9
Adjusted EBITDA (B)	54.7	91.6	88.0
Cash Conversion (A) / (B)	**57.6%**	**55.2%**	**79.4%**

(4) Adjusted Cash Conversion is measured as Adjusted Operating Cash Flow divided by Adjusted EBITDA. The reconciliation of Adjusted Cash Conversion is as follows:

	For the year ended December 31,		
	2018	**2019**	**2020 (combined)**
	(€ millions)		
Adjusted Operating Cash Flow (A)	41.9	63.6	83.0
Adjusted EBITDA (B)	54.7	91.6	88.0
Adjusted Cash Conversion (A) / (B)	**76.6%**	**69.4%**	**94.3%**

(5) EBITDA is calculated as net result for the year before income taxes, financial expenses, financial income and depreciation and amortization. EBITDA is not a measure of financial performance calculated in accordance with IFRS and should not be viewed as a supplement to, not a substitute for, our results of operations presented in accordance with IFRS. EBITDA should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. EBITDA and as presented in this Offering Memorandum may differ from and may not be comparable to similarly titled measures used by other companies and differ from "*Consolidated EBITDA*" contained in the section "*Description of the Notes*" of this Offering Memorandum and in the Indenture. We present EBITDA for informational purposes only. We present EBITDA because we believe it is helpful to investors as a measure of our operating performance and ability to service our debt. EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. See "*Presentation of Financial and Other Information*."

The reconciliation of net result for the period to EBITDA is as follows:

	For the year ended		For the six months ended		For the year ended
	December 31, 2018	**December 31, 2019**	**June 30, 2020**	**December 31, 2020**	**December 31, 2020 (pro forma)**
	(€ millions)				
Net result	27.7	35.5	5.6	(24.8)	(28.7)
Income taxes	6.3	8.7	4.5	(3.9)	(2.7)
Financial expenses	10.7	29.2	14.3	25.9	46.9
Financial Income	(1.7)	(1.7)	(1.7)	(2.5)	(4.2)
EBIT	**43.0**	**71.7**	**22.7**	**(5.3)**	**11.3**
Depreciation/Amortization	11.7	19.7	13.4	38.5	58.0
EBITDA	**54.7**	**91.4**	**36.1**	**33.2**	**69.3**

(6) EBITDA for the year ended December 31, 2020 is calculated on a *pro forma* basis and is referred to as "*Pro Forma* EBITDA." See "*Unaudited Pro Forma Consolidated Financial Information—Other Pro Forma Information—Pro Forma EBITDA*."

(7) EBITDA margin is calculated as EBITDA divided by net turnover or, in the case of EBITDA margin for the year ended December 31, 2020, *Pro Forma* EBITDA divided by *Pro Forma* Net Turnover. The reconciliation of EBITDA margin is as follows:

	For the year ended		For the six months ended		For the year ended
	December 31, 2018	December 31, 2019	June 30, 2020	December 31, 2020	December 31, 2020 (pro forma)
			(€ millions)		
Net turnover (A)	187.0	263.4	109.6	156.3	265.9
EBITDA (B)	54.7	91.4	36.1	33.2	69.3
EBITDA Margin (B) / (A)	**29.3%**	**34.7%**	**32.9%**	**21.2%**	**26.1%**

(8) Adjusted EBITDA is defined as EBITDA (or, in the case of Adjusted EBITDA for the year ended December 31, 2020, *Pro Forma* EBITDA) adjusted to reflect the net impact of non-recurring expenses and income, primarily comprising transaction costs incurred as a result of the Acquisition as well as expenses incurred in connection with the COVID-19 pandemic, including the purchase of personal protective equipment and increased frequency of cleaning of our stores and offices.

Run-Rate *Pro Forma* EBITDA is defined as Adjusted EBITDA for the year ended December 31, 2020 further adjusted to reflect: (i) the effect of other non-recurring items; (ii) the impact of the COVID-19 pandemic on sales returns; (iii) the impact of the COVID-19 pandemic on our DOS sales; (iv) a run-rate adjustment for the full-year impact of DOS opened during the period and (v) a negative adjustment to normalize savings on travel expenses accrued during the period.

We use Adjusted EBITDA and Run-Rate *Pro Forma* EBITDA as measures of our operating cash flow generation and the liquidity of our business. Adjusted EBITDA and Run-Rate *Pro Forma* EBITDA are not measures of financial performance calculated in accordance with IFRS and should not be viewed as a supplement to, not a substitute for, our results of operations presented in accordance with IFRS. Adjusted EBITDA and Run-Rate *Pro Forma* EBITDA should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Adjusted EBITDA and Run-Rate *Pro Forma* EBITDA as presented in this Offering Memorandum may differ from and may not be comparable to similarly titled measures used by other companies and differ from "*Consolidated EBITDA*" contained in the section "*Description of the Notes*" of this Offering Memorandum and in the Indenture. We present Adjusted EBITDA and Run-Rate *Pro Forma* EBITDA for informational purposes only. This information does not represent the results we would have achieved had each of the cost savings measures and other transactions for which an adjustment is made, as applicable, occurred at the dates indicated. There is no assurance that items we have identified for adjustment as non-recurring will not recur in the future or that similar items will not be incurred in the future. The calculations for Adjusted EBITDA and Run-Rate *Pro Forma* EBITDA are based on various assumptions (including assumptions and management estimates regarding the performance of DOS impacted by COVID-19-related closures and the performance of newly-opened DOS in the year ended December 31, 2020). These amounts have not been, and, in certain cases, cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of the financial condition or results of operations of the transactions for the periods presented, may not be comparable to our consolidated financial statements or the other financial information included in this Offering Memorandum and should not be relied upon when making an investment decision. We present Adjusted EBITDA and Run-Rate *Pro Forma* EBITDA because we believe they are helpful to investors as measures of our operating performance and ability to service our debt. Adjusted EBITDA and Run-Rate *Pro Forma* EBITDA 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 IFRS. See "*Presentation of Financial and Other Information*."

The reconciliation of EBITDA to Adjusted EBITDA and, for the year ended December 31, 2020, Run-Rate *Pro Forma* EBITDA, is as follows:

	For the year ended		For the six months ended		For the year ended
	December 31, 2018	December 31, 2019	June 30, 2020	December 31, 2020	December 31, 2020
			(€ millions)		
EBITDA	**54.7**	**91.4**	**36.1**	**33.2**	**69.3**[(a)]
Non-recurring items[(b)]	—	0.2	0.6	18.1	18.7
Adjusted EBITDA	**54.7**	**91.6**	**36.7**	**51.3**	**88.0**
Other non-recurring items[(c)]					4.1
COVID-19 impact on sales returns[(d)]					1.5
COVID-19 impact on retail[(e)]					4.0
Full-year impact of new openings[(f)]					6.9
Savings on travel expenses[(g)]					(2.1)
Run-Rate *Pro Forma* EBITDA					**102.4**

(a) EBITDA for the year ended December 31, 2020 is calculated on a *pro forma* basis and is referred to as "*Pro Forma* EBITDA." See "*Unaudited Pro Forma Consolidated Financial Information—Other Pro Forma Information—Pro Forma EBITDA*."

(b) Represents the net impact of non-recurring expenses and income, primarily relating to transaction costs incurred as a result of the Acquisition (€17.9 million for the year ended December 31, 2020) as well as expenses incurred in connection with the COVID-19 pandemic (€0.1 million for the year ended December 31, 2020), including the purchase of personal protective equipment and increased frequency of cleaning of our stores and offices.

(c) Represents adjustments for other non-recurring income, savings and costs and expenses during the period, primarily comprising: (i) €1.2 million of financial charges incurred during the period, including factoring charges and bank commissions incurred during the period; (ii) a €3.2 million adjustment to normalize levels of bad debt and inventory charges in line with historical averages; (iii) a €1.1 million adjustment to reflect application of a full-year average exchange rate to the 2020 H2 Audited Consolidated Financial Statements and 2020 H1 Audited Consolidated Financial Statements; (iv) a negative €2.2 million adjustment for savings on discounts obtained on commercial rents during the period (of which €1.1 million was attributable to each of the six months ended June 30, 2020 and December 31, 2020); and (v) €1.0 million of pre-opening costs.

(d) Represents an adjustment to normalize sales returns for the period after a temporary increase for certain duty-free and wholesale partners, calculated based on the average rate of returns made in the prior two-year period by our wholesale partners. The higher-than-expected returns charges followed the closures of certain of our third-party distribution partners' stores during the initial months of the COVID-19 pandemic.

(e) Represents a net adjustment to normalize the impact of lockdown closures on DOS opened prior to December 31, 2019, which has been calculated by management by assessing actual sales generated in periods where DOS were open to the public subsequent to the emergence of the COVID-19 pandemic, measuring the actual performance of such DOS against pre-COVID-19 budgets for such periods and applying such adjusted performance to the weekly budget of weeks in which DOS were closed. Management calculations further exclude net turnover from the month of January, which was not considered representative of net turnover for the year as it did not reflect the impact of the COVID-19 pandemic. Cost of goods sold, variable costs and rent costs have been calculated by applying the actual rate of costs (as a percentage of net turnover) incurred in periods when DOS were open to periods in which DOS were closed. Personnel costs have been calculated using a run-rate based on actual average monthly personnel costs incurred in periods where DOS were open (excluding January) to periods in which DOS were closed. Additionally, where applicable, costs have been normalized to exclude the positive impact of any COVID-19-related cost-savings initiatives, such as the utilization of government furlough programs and the renegotiation of commercial rents.

(f) Represents a full year net run-rate adjustment to reflect the impact of new DOS opened in 2020, calculated by management by applying the difference between actual net turnover generated by each new DOS for the period and the budgeted performance of each new DOS (taking into account the COVID-19 pandemic) to the store's full year budget. Cost of goods sold and variable costs have been calculated by applying the actual rate of costs (as a percentage of net turnover) incurred in periods when DOS were trading to periods in which DOS had not yet opened. Rent and personnel costs have been calculated by either applying a run-rate of actual costs incurred in periods when DOS were trading or budgeted costs where costs were unrepresentatively low, for example, as a result of lockdown closures. Additionally, where applicable, costs have been normalized to exclude the positive impact of any COVID-19-related cost-savings initiatives, such as the utilization of government furlough programs and the renegotiation of commercial rents.

(g) Represents an adjustment adding back savings accrued from reduced travel expenditures in 2020, primarily a result of the COVID-19 pandemic, calculated by management by applying the prior two years' average travel costs as a percentage of net turnover.

(9) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by net turnover or, in the case of Adjusted EBITDA margin for the year ended December 31, 2020, by *Pro Forma* Net Turnover.

(10) Pre-IFRS 16 Adjusted EBITDA is defined as Adjusted EBITDA (or, in the case of Pre-IFRS 16 Adjusted EBITDA for the year ended December 31, 2020, Adjusted *Pro Forma* EBITDA) adjusted to reverse the impact of IFRS 16—*Leases* for the periods presented. The reconciliation of Adjusted EBITDA to Pre-IFRS 16 Adjusted EBITDA is as follows:

	For the year ended		For the six months ended		For the year ended
	December 31, 2018	**December 31, 2019**	**June 30, 2020**	**December 31, 2020**	**December 31, 2020 (*pro forma*)**
			(€ millions)		
Adjusted EBITDA	54.7	91.6	36.7	51.3	88.0
Lease accounting adjustments	(7.9)	(13.9)	(9.0)	(10.0)	(19.0)
Pre-IFRS 16 Adjusted EBITDA	**46.8**	**77.7**	**27.7**	**41.2**	**68.9**

(11) Pre-IFRS 16 Adjusted EBITDA margin is calculated as Pre-IFRS 16 Adjusted EBITDA divided by net turnover or, in the case of Pre-IFRS 16 Adjusted EBITDA margin for the year ended December 31, 2020, by Pro Forma Net Turnover. The reconciliation of Pre-IFRS 16 Adjusted EBITDA margin is as follows:

	For the year ended		For the six months ended		For the year ended
	December 31, 2018	**December 31, 2019**	**June 30, 2020**	**December 31, 2020**	**December 31, 2020 (*pro forma*)**
			(€ millions)		
Net turnover (A)	187.0	263.4	109.6	156.3	265.9
Pre-IFRS 16 Adjusted EBITDA (B)	46.8	77.7	27.7	41.2	68.9
Pre-IFRS 16 Adjusted EBITDA Margin (B) / (A)	**25.1%**	**29.5%**	**25.3%**	**26.4%**	**25.9%**

(12) Run-Rate *Pro Forma* EBITDA margin is calculated as Run-Rate *Pro Forma* EBITDA divided by *Pro Forma* Net Turnover.

As Adjusted Financial Information

	(€ millions, except ratios) As of and for the year ended December 31, 2020
As adjusted net total debt(1)	*533.6*
As adjusted net senior secured debt(2)	*434.9*
As adjusted cash interest expense(3)	*35.6*
Ratio of *as adjusted* net total debt to Run-Rate *Pro Forma* EBITDA	*5.2x*
Ratio of *as adjusted* net senior secured debt to Run-Rate *Pro Forma* EBITDA	*4.2x*
Ratio of Run-Rate *Pro Forma* EBITDA to *as adjusted* cash interest expense	*2.9x*

(1) *As adjusted* net total debt consists of the sum of the Group's total financial liabilities as of the date indicated, adjusted to give *pro forma* effect to the Offering and the Refinancing, net of cash and cash equivalents. See "*Use of Proceeds*" and "*Capitalization*."

(2) *As adjusted* net senior secured debt consists of the sum of the Group's senior secured financial liabilities as of the date indicated, adjusted to give *pro forma* effect to the Offering and the Refinancing, net of cash and cash equivalents. See "*Use of Proceeds*" and "*Capitalization*."

(3) *As adjusted* cash interest expense reflects the estimated interest expense for the year ended December 31, 2020 as if the Transactions had occurred on January 1, 2020. *Pro forma* cash interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our interest expense for any future period or our financial condition at any future date.

RISK FACTORS

An investment in the Notes involves risks. In addition to considering carefully, in light of the circumstances and your individual investment objectives, the information contained elsewhere in this Offering Memorandum, including the Audited Consolidated Group Financial Statements and related notes, you should carefully consider the risks described below before investing in the Notes. If any of the events described below actually occurs, our business, results of operations, financial condition or prospects could be materially adversely affected and, accordingly, the value and the trading price of the Notes may decline, resulting in a loss of all or part of any investment in the Notes. Furthermore, the risks and uncertainties described herein may not be the only ones that we face. Additional risks and uncertainties not presently known to us or that we currently consider to be immaterial may also have a material adverse effect on our business, results of operations, financial condition or prospects.

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

Risks Related to Our Business and Industry

We face risks related to health epidemics, pandemics and other outbreaks, including the COVID-19 pandemic, which could adversely affect our business.

In late 2019, a new strain of coronavirus (severe acute respiratory syndrome coronavirus 2 or SARS-CoV-2), which can cause coronavirus disease ("**COVID-19**"), was detected in Wuhan, China. In March 2020, the World Health Organization declared COVID-19 a global pandemic and governmental authorities around the world implemented measures to reduce the spread of COVID-19. For example, in March 2020, Italy imposed nationwide lockdowns in which, among other things, non-essential retail stores, such as our stores, were required to close for the duration of the applicable restrictions in order to control the spread of COVID-19. In addition, starting in October and November 2020, Italy was affected by a resurgence (or "second wave") of rising COVID-19 case levels, resulting in regional lockdowns. Other European and international markets in which we operate have also been affected by lockdowns and similar restrictive measures. The curfew measures, partial lockdowns and other similar restrictions, such as national lockdowns, that may be put in place in the future may have a material adverse effect on our sales, liquidity, business, financial condition and results of operations. In light of the intensity of the COVID-19 pandemic, governments may decide to take additional restrictive measures, including lockdowns, and the duration and parameters of any such measures are likely to have a negative impact on our business, financial condition and results of operations.

We temporarily closed most of our DOS during lockdown periods in 2020, most notably all of our DOS in China (approximately 10% of our total DOS as of December 31, 2020) in February and almost all of our DOS in Europe and the United States (approximately 28% and 21% of our total DOS as of December 31, 2020, respectively) from March to May. Our wholesale partners, such as multi-brand stores and department stores, were similarly impacted. Lockdown measures in the Americas, specifically the United States, have varied, with our stores in major American cities such as Los Angeles and New York City being the most heavily impacted. Across our geographies, even where stores have reopened following lockdown periods, high uncertainty associated with the unprecedented lockdown measures has resulted in a cautious ramp-up in footfall. In light of the ongoing COVID-19 pandemic, governments may decide to take additional restrictive measures, including lockdowns and the duration and parameters of any such measures are likely to have a negative impact on our business, financial condition and results of operations. Any further expansion of curfew measures, national or regional lockdowns or other similar restrictions in the future in any of the other countries where we operate may have a material adverse effect on our sales, liquidity, business, financial condition and results of operations.

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

- customers and distribution partners, including end-consumers, wholesale partners, and the department stores and e-tailers where we sell our products, could become insolvent or we could have a reduction or volatility in demand for our products and services, which may be caused by, among other things: lower customer demand as a result of the temporary inability of consumers to purchase items, quarantine or other travel restrictions, or financial hardship; customers modifying their inventory or fulfillment practices; governmental restrictions and business closings; or other changes in buying patterns;

- consumers could choose to forgo luxury products and purchase lower-cost alternatives;

- our sales may decrease as a result of restrictions on cross border movement of goods, which may reduce our ability to timely obtain supplies and we may reduce the number of methods by which we transport our goods and impact our ability to deliver on time;

- we could be subject to changes in laws and governmental regulations that adversely affect our business and operations;

- we could face increased employee compensation costs, costs relating to the purchase of personal protective equipment and disinfectants, incremental costs associated with newly added health screenings, temperature checks and enhanced cleaning and sanitation protocols to protect our employees and decreased production due to, for example, the need to disinfect areas or enforce social distancing measures within our warehouse facilities and stores resulting in decreasing the number of employees in our warehouse facilities and stores (we recorded €0.1 million of expenses relating to personal protective equipment and other hygiene-related initiatives for the year ended December 31, 2020);

- we could face increased costs or decreased production related to supply chain challenges or disruptions;

- the third parties on which we rely, may fail to meet their obligations to us or may face significant disruptions in their ability to do so;

- we could be subject to adverse fluctuations in currency exchange rates;

- we may experience a disruption or delay in executing our strategic capital initiatives due to travel restrictions and/or health and safety concerns limiting access to our sites;

- our suppliers' facilities may face work stoppages, including total or partial shutdowns, as a result of illness, government restrictions or other workforce disruptions;

- we may be impacted by government budget constraints, tax constraints or government shutdowns;

- our goodwill and other long lived assets could become impaired (in the year ended December 31, 2020, we recorded a write-down of € 4.6 million relating to the potential closures of two DOS in Europe and two DOS in APAC (all of which remain open as of the date of this Offering Memorandum) as a result of decreased demand due to the COVID-19 pandemic);

- our access to capital markets may be restricted, which could adversely affect our short term liquidity and prevent us from fulfilling our obligations, including those under the Notes;

- we may be impacted by deterioration in the global credit, financial and economic environment, which could have a negative impact on our results of operations, financial position or cash flows;

- we may be subject to increased information technology (IT) security threats and reduced network access availability; and

- our operations or the operations of our principal customers and suppliers could be designated as non-essential across our key markets.

The economic effects of the COVID-19 pandemic have had a severe impact on the global economy generally and their effects will likely continue to be felt in the coming years. The ultimate impact of the COVID-19 pandemic depends on the severity and duration of the pandemic and the actions taken by governmental authorities and other third parties in response, each of which is uncertain, rapidly changing and difficult to predict. Any of these disruptions could adversely impact our business and results of operations. In addition, these and other impacts of the COVID-19 pandemic could have the effect of heightening many of the other risk factors disclosed in this Offering Memorandum.

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

We compete primarily with other luxury footwear, ready-to-wear apparel and bags and other accessories groups within the global luxury goods market, which is highly fragmented and competitive. We face a variety of competitive challenges, including in relation to:

- product development;
- brand position and brand identity;
- store locations, store layout and customer service;
- online engagement and e-commerce;
- communications, advertising and social media visibility;
- responding to and anticipating changes in trends in the personal luxury goods market and customer tastes and preferences; and
- human resources.

Some of our competitors are large international fashion houses that enjoy high brand recognition, a broad market presence, a large customer base, economies of scale and more developed online platforms. A number of these competitors have substantially greater financial, distribution, marketing and other resources than we do and may as a result be able to source products more competitively than we can, or conduct larger and more effective marketing and advertising campaigns with which we are unable to compete, notwithstanding our historically effective word-of-mouth and social media advertising philosophy. Such competitors may also have the ability to better adapt to, or anticipate changes in, customer preferences or consumer-spending behavior more quickly, or to generate higher brand recognition, than we can. In addition, as part of our brand recognition and retail strategy, we aim to increase our number of stores in key locations within luxury shopping districts and urban centers. We open these locations to, among other factors, increase our brand awareness across all of our distribution channels and increase our tourist footfall and exposure. There is a risk that our competitors may achieve higher brand recognition with more effective brick-and-mortar positioning within large urban centers, in addition to their capacity to spend more on brand awareness in general. International luxury fashion brands currently operating in wholesale or retail geographic markets other than those in which we operate may also enter our markets.

Increased competition from both within and outside of established designer luxury brands may also negatively impact our customers' willingness to purchase our products. The broad range of retailers of luxury fashion products results in substantial competition, which varies across our markets. This existing competition may further increase in the future due to, among other factors, a decreasing demand for designer luxury brands accompanied by an increase in relative demand for lower-priced products. In addition to new market entrants, existing competitors may intensify their marketing efforts to attract new customers. To compete effectively, we may be forced to increase our marketing expenditures and revise our brand concept, which could adversely affect our net turnover and profitability.

We are affected by general economic conditions in the markets where our products are sold and sourced, and any downturn resulting in lower consumer confidence and reduced spending in these markets could adversely affect our business.

Our business depends on the demand for luxury footwear, ready-to-wear apparel and bags and other accessories in the markets in which we sell our products. Demand for luxury products is cyclical and affected by the overall level of consumer spending. Consumer spending is primarily driven by macroeconomic and other drivers influencing consumer-spending behavior, such as employment levels, salary and wage levels, currency exchange rates, inflation or deflation, interest rates, tax rates, tourist arrivals, fuel prices, health crises (including the COVID-19 pandemic), civil unrest, terrorist attacks, availability of consumer credit, consumer confidence with respect to current and future overall economic conditions and personal economic prospects, all of which are factors beyond our control. Relatedly, tourism numbers and the level of spending by tourists, the number of high-net-worth individuals and the growing middle classes in fast-growing economies are all factors that generally relate to the prevailing macroeconomic conditions, and which can significantly affect our business. Discretionary fashion product purchases, particularly in the personal luxury goods market, generally decline in an unfavorable economic environment, especially when disposable income and consumer confidence has decreased.

Continued elevated levels of political and economic uncertainty, including increased trade protectionism, could have unpredictable consequences and may lead to a global economic downturn. In Europe, potential future changes to monetary policy, continued doubts about the future of the Eurozone (as well as questions about the European Union more generally in the wake of the United Kingdom's withdrawal from the European Union), insufficient deleveraging in the private and public sectors, a halt in implementing structural and financial reforms and an elevated level of political uncertainty could adversely affect our operations. See "*—The United Kingdom's withdrawal from the European Union ("Brexit") may have a negative effect on global or regional economic conditions, financial markets and our business, which could materially adversely affect our business, results of operations and financial condition.*" Specifically, uncertainties associated with the geopolitical and economic policies pursued by both the previous and current U.S.

administration in relation to China may lead to the implementation of additional trade tariffs and the exacerbation of a "trade war" with China. In addition, the COVID-19 pandemic could continue to negatively affect tourism, consumer confidence, consumer propensity to spend on luxury goods, disposable income and other macroeconomic factors that impact consumer spending, as well as impacting our supply chains. See "*—We face risks related to health epidemics, pandemics and other outbreaks, including the COVID-19 pandemic, which could adversely affect our business.*"

We currently sell our products in a number of jurisdictions globally, with 14%, 27%, 26% and 32% of our *Pro Forma* Net Turnover for the year ended December 31, 2020 being generated in Italy, APAC, EMEA (excluding Italy) and the Americas, respectively (with the remaining 1% attributable to sales of goods and raw materials to our suppliers that are not classifiable into a particular geography). Our net turnover and profitability could therefore be adversely affected by unfavorable economic conditions, an economic downturn or an otherwise uncertain economic outlook in these markets or new geographic markets that we may enter in the future. Deteriorating economic conditions could also increase pricing and, with respect to our own retail operations, markdown pressure on the products that we sell and a corresponding decline in our margins. Such price volatility may be anticipated from current events such as the United Kingdom's withdrawal from the European Union and the COVID-19 pandemic. Global economic conditions and uncertainties may also affect our suppliers, resulting in, for example, plant closures or increases in the cost of raw materials. As a result, an economic downturn or persistent uncertain and unfavorable economic conditions in the markets in which we source our raw materials and other components used to produce our products could adversely affect our business, financial condition and results of operations.

We face risks associated with operating in international markets and our strategy to continue to expand internationally.

We operate on a global basis, with 86% of our *Pro Forma* Net Turnover generated from operations outside of Italy for the year ended December 31, 2020. As a result, we are subject to the risks of doing business internationally, including political and economic instability in foreign countries, laws, regulations and policies of foreign governments, potential negative consequences from changes in taxation policies, political or civil unrest, acts of terrorism, military actions or other conditions. For example, beginning in 2020, lockdowns, mandatory business closures and "stay-at-home" recommendations resulting from the COVID-19 pandemic resulted in decreased football globally, which resulted in the temporary closure of a significant proportion of our DOS and the retail locations of our wholesale partners, impacting our results of operations during the early months of the pandemic. See "*—We face risks related to health epidemics, pandemics and other outbreaks, including the COVID-19 pandemic, which could adversely affect our business*." Economic instability and unsettled regional and global conflicts may negatively affect consumer spending by foreign tourists and local consumers in the various regions where we operate, which could adversely affect our net turnover and results of operations. We also sell our products at varying retail price points based on geographic location that yield different gross profit margins and we achieve different operating profit margins, depending on geographic region, due to a variety of factors, including product mix, store size, occupancy costs, labor costs and retail pricing. Changes in any one or more of these factors could result in lower net turnover, increased costs, and negatively impact our business, results of operations and financial condition.

Our plans to expand our business operations into new geographic markets may be adversely affected by strong competition in these markets. Certain competitors in these markets are more likely to have better developed brand recognition and customer loyalty, existing store and distribution networks and greater knowledge of customer tastes and preferences in these markets. In certain markets where we operate or seek to operate, including in certain geographies indirectly through distribution partners, we are a relatively new entrant and we may face competition from longer-established fashion brands. Therefore, we may be unable to compete effectively in new geographic markets, which could adversely affect our business, financial condition and results of operations.

The manufacturing of our products depends on a few third parties and disruptions to the manufacturing process could adversely affect our business.

We do not own or operate any manufacturing facilities and therefore depend entirely upon a relatively small number of third parties for the manufacturing of our products located in Italy. For example, at the end of 2020, our top five suppliers furnished over 80% of our total purchases of finished goods. Though we have long-standing relationships with many of our suppliers, we do not have legally binding long-term supply arrangements in place with the majority of our suppliers, which allows us to change suppliers from time to time as considered necessary or appropriate.

However, the loss of one or more key suppliers, or any other material change in our current supply channels, could have an adverse effect on our ability to meet the demand for products in a timely manner. In addition, if we experience a surge in demand or the need to replace an existing supplier, there can be no assurance that additional manufacturing capacity will be available when required on terms that are acceptable to us. Further, even if we were able to expand existing manufacturing sources or find new ones, we may encounter delays in production and added costs as a result of the time it would take to train the new manufacturing facilities in our methods, products and quality control standards, labor, health and safety standards.

Although we tend to price our products based on the cost of our production, we face the risk that our production costs could become more expensive. Labor costs may fluctuate based on changes in the regulatory environment and rising wages, which in turn could increase our production costs.

We may also experience operational difficulties with our suppliers, such as a reduction in the availability of production capacity, errors in complying with product specifications, insufficient quality control, failures to meet production deadlines or increases in manufacturing costs that we may not be able to pass on to customers. Even if we monitor our suppliers directly, we may not be able to adequately monitor their subcontractors or other parties, if any, to whom they have outsourced part of the manufacturing process. Such difficulties may negatively impact our ability to deliver quality products to our customers and our DOS on a timely basis.

Any of these risks could adversely affect our business, financial condition and results of operations.

We may fail to appeal to the tastes of our customers or to identify and respond to changing trends and product demand.

The luxury footwear, ready-to-wear apparel and bags and other accessories industry is generally characterized by rapidly changing customer preferences and trends. Our target customers may not find our collections appealing, which may be due to, among other things, our misjudgment of customer preferences and evolving fashion and product trends in the market. Decisions about product designs are often made far in advance from the time the product is available for sale to the end-consumer.

Although we base our product design and collection planning processes on feedback from prior designs and studies of customer preferences, any miscalculation of customer tastes in the development of new products could negatively impact customer interest and the success of our new collections. For example, the "sneakerization" trend could change or reverse over time.

Furthermore, we launch the same collections in each of the markets where our products are sold and our target customer groups do not necessarily have the same consumer expectations and preferences across all of the markets where our products are sold, and adjustments for regional differences (including consumer tastes and sizing of customers in certain countries) present additional challenges in identifying and capitalizing on current market demands. Our failure to anticipate or identify changes in styles, trends or desired image preferences or to anticipate demand through our collections could lead to net turnover decline with respect to our wholesale channel and excess inventories and a greater number of write-downs with respect to our own retail distribution channel, given our limited ability to adapt our collection appropriately and in a timely manner. Moreover, customers' shifting shopping preferences have caused the retail environment to change at an accelerated pace. Our target customers increasingly rely on online and mobile channels for their footwear, ready-to-wear apparel and bags and other accessories purchases. If we are unable to keep up with rapidly changing online and mobile technology to serve our e-boutique or mobile app and sufficiently meet our customers' changing expectations, we may fail to capture a significant share of consumers in the retail market and may lose such consumers to other long-standing, better positioned online retailers.

Any significant failure to anticipate, identify or adequately respond to changing tastes and preferences could adversely affect our business, financial condition and results of operations.

Our business depends on preserving our strong brand image and if we are not able to maintain the value and resonance of our brand or implement effective advertising and marketing campaigns to generate consumer awareness and traffic, we may be unable to retain consumers or attract new ones, which could adversely affect our business, financial condition and results of operations.

Our financial performance is closely linked to the success and reputation of our Golden Goose brand product lines, which in turn depend on factors such as design and quality of our products, design concept of our stores, our customer service, our relationship with the public, our marketing policy, public reception of our collections and our business practices, all of which are important factors in earning and maintaining customer goodwill. Products or communications policies that do not adequately reflect our product lines' image, inappropriate conduct by our staff, suppliers, distributors, or on social media, or any publication of damaging information by the media or on social media, could affect our brand recognition and image.

Customer acceptance of our brand and products is subject to change for a variety of reasons. Perceptions may also be affected by the entry of new competitors or adverse publicity concerning our brand, operations or suppliers. Moreover, increased concerns about climate change and the growing sentiment that large luxury lifestyle brands should address sustainability and responsible sourcing issues across the entire supply chain means that our brand could suffer if we, our suppliers or our other partners do not adequately address, or are perceived as not adequately addressing, relevant sustainability and responsible sourcing issues in our industry. If we are unsuccessful in addressing this adverse publicity, our brand could suffer. Because our success depends significantly on our brand image, damage to our product lines would have a particularly negative impact on us.

Our reputation is critical to maintaining and developing relationships with our existing and potential customers and third parties with whom we do business and to maintain our current price point for our products. If we become directly subject to scrutiny, criticism or negative publicity, our business, financial condition and results of operations may suffer. Such situations may be costly and time consuming and distract our management from running our business. Even if such allegations are proven to be groundless, we and our business operations may be severely affected.

Maintaining and enhancing our brand image may require us to make substantial investments in areas such as store design, social media outreach, search engine optimization and employee training. These investments may divert funds that we could otherwise use to grow our business or could adversely affect our cash flow, and such initiatives may not ultimately be successful.

Our future growth and profitability will depend in large part upon the effectiveness and efficiency of our advertising and marketing programs.

The use of traditional luxury features such as aspirational advertising and distinctive store concepts has supported the growth of the luxury goods segment. As such, we believe that our sales depend to a certain extent on the success of our marketing campaigns. We use various marketing platforms and from time to time will need to refresh or reinvent our marketing campaigns, which will require additional expense. Our future growth and profitability will depend in large part upon the effectiveness and efficiency of our advertising and marketing campaigns. In order for our advertising and marketing campaigns to be successful, we must manage advertising and marketing costs effectively in order to maintain acceptable operating margins and return on our marketing investment and convert consumer awareness into actual store visits and product purchases. If a marketing campaign fails, the investments made will turn out to be ineffective and we could face a decrease in customer demand and a resulting decline in sales which, especially if marketing campaigns repeatedly prove ineffective.

Our efforts to expand our physical and online presence may not be successful, which could adversely affect our business.

Our expansion strategy includes the expansion of our sales channels (including both an increase in our e-commerce and brick-and-mortar retail channels) as well as additional product lines. We have expanded our business at a rapid pace, for example, between 2018 and 2020 we opened over 60 DOS (including duty-free, outlets and shop in shop) and we had 126 DOS (including five duty-free stores, 14 shop-in-shop stores and eight outlets) as of December 31, 2020. Our strategy aims to broaden the penetration of certain markets where we are already present, while expanding into new geographic markets. We cannot guarantee that we will correctly estimate customer demand or that we will be able to successfully establish our brand in the new markets to which we expand. Our planned expansion may place strains on our existing operational, managerial, financial, logistics, administrative and other resources, particularly in the areas of product sourcing, strategic store planning, the management of subsidiaries, the relationship with our new and existing wholesalers and distribution partners as well as our customer relations. These increased demands could cause our business to operate less effectively, which in turn could cause a deterioration in our financial performance. Our capital and other expenditures may also be higher than expected due to cost overruns, unexpected delays or other unforeseen factors. Delays in adapting the organizational and control structures, risk monitoring and risk management systems and in reaching an appropriate level of staffing may result in business and administrative oversights and errors that may also lead to higher operating expenses.

In particular, we may encounter complications increasing our scale, finding suitable locations for our DOS, delivering to a greater number of locations or hiring and training additional staff. In most cities where we plan to expand, suitable first-tier retail locations are limited and there is significant competition for them. We may also experience difficulty in entering into leases for new stores on acceptable economic terms. Furthermore, new stores could compete with our existing stores, causing the number of customers who visit our existing stores to decline, which may result in lower same-store net turnover growth. Moreover, our other international expansion plans, by means of the expansion of our wholesale distribution channel, distribution partners or otherwise, means we will become subject to new regulatory regimes. Our internal functions to monitor our distribution partners' performance may be unable to keep pace. Additionally, with our future growth we may not be able to identify suitable distributors to partner within countries where we may seek to establish our brand.

If our expansion strategy is not successful or advances at a slower pace than planned, our competitive position and our profitability may be negatively affected. These risks could, individually or cumulatively, increase costs, which could adversely affect our business, financial condition and results of operations.

We are subject to risks associated with leasing substantial amounts of space, including future increases in occupancy costs. Negotiating, terminating or extending DOS leases may be difficult or costly, which could negatively impact our business.

We currently lease the premises for all of our office spaces and DOS, and depend on cash flow from operations to pay our lease expenses. If our business does not generate sufficient cash flow from operating activities to fund these expenses and sufficient funds are not otherwise available to us, we may not be able to service our lease expenses, grow our business, respond to competitive challenges or fund our other liquidity and capital needs.

Periodically, our lease agreements for our DOS locations or office spaces become due for renewal or renegotiation. We may be unable to extend expiring lease agreements and may have to abandon the locations or renew the leases on unfavorable terms and continue managing the relevant stores or office spaces less profitably. In addition, we may decide to close certain store locations that do not meet our financial targets, which may not be feasible on short notice or may be possible only at an unacceptably high cost.

Failure to extend expiring store leases, terminate lease agreements for unattractive existing office spaces or store locations in a timely manner or to conclude new lease agreements on terms and conditions acceptable to us could adversely affect our business, financial condition and results of operations.

We are exposed to credit and relationship risks related to wholesalers which could expose us to loss of net turnover if we are unable to find suitable alternatives for cancelled orders.

Although we review the credit risk related to our wholesale customers regularly, such risks may be exacerbated by events or circumstances that are inherently difficult to anticipate or control. For the year ended December 31, 2020, our top ten wholesale partners represented approximately 22% of *Pro Forma* Net Turnover. There is however a risk that one or more of our large wholesalers is unable to pay for the orders they placed with us due to financial restructuring, insolvency, or other factors affecting their credit worthiness. This would require us to take back our inventory and find new buyers for it, which, given the customized nature of each order and certain regulatory requirements such as textile labeling laws that require products produced for specific geographies, like the United States, to be sold in those geographies only, may not be achievable with respect to the whole order. Our wholesalers' financial difficulties may result in order cancellations, delays in payment or requests for discounts that may force us to go against our current full price wholesale policy, all of which could damage our results of operations and, for cancellations, would require us to find suitable sales alternatives for the specific products we produced for such wholesaler which we may not be able to procure on favorable terms, or at all. In addition, given that we do not have long-term fixed supply contracts in place with most of our wholesalers and instead such wholesalers purchase from us on an order by order basis without minimum purchase obligations, we rely on our ability to maintain relationships which our wholesaler clients. If several of our wholesalers face operational challenges affecting their creditworthiness (as a result of macroeconomic changes, consumer shifts away from traditional brick-and-mortar retail or otherwise), and we are unable to find such suitable sales alternatives, it could adversely affect our business, financial condition and results of operations.

Our failure to successfully conduct our operations with our distribution partners we are currently doing business with or we may do business with in the future could slow our growth strategy and, as a result, could adversely affect our business, financial condition and results of operations.

Increases in the cost of raw materials and other risks associated with our sourcing strategy could increase our production costs and adversely affect our business.

We source and purchase the raw materials used in our products directly and make them available to our network of third-party producers. This sourcing and manufacturing strategy requires us to obtain the raw materials in advance, which tends to increase our inventory level and expose us to risks deriving from fluctuations in the price of raw materials. If our inventory and planning team fails to accurately forecast customer demand, we may experience excess inventory levels or our supply chain may experience a shortage of raw materials, and there can be no assurance that we will be able to successfully manage our inventory at a level appropriate for our production needs.

The costs of raw materials used in our products are affected by weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond our control. Moreover, if we are unable to pass cost increases related to raw material and other costs on to our customers, we may experience pressure on our gross margins. In addition, raw materials may be unavailable to manufacture our products as the result of political, economic or natural conditions in our source supplier countries, which are beyond our control and difficult to predict.

Any increase in sourcing costs may impact our margins if we do not increase the prices of our products proportionally. If we pass the increase in sourcing costs on to our customers by raising the prices of our products, the demand for our products may decline, in particular if competitors choose not to do so or if they do not face the same increase in sourcing costs. A shortage of raw materials may result in the inability of our third-party suppliers to fulfill our orders and our inability to supply our DOS and market our products.

Any of these risks could adversely affect our business, financial condition and results of operations.

Because we rely on independent carriers to distribute our products to our stores and for direct delivery to our customers, any disruption in their services or increases in shipping costs could adversely affect our business.

We rely on independent carriers for the distribution of our products to our stores and for direct delivery to customers. We are exposed to any failures or shortcomings by these carriers, including delivery delays or the loss or theft of goods. Any breakdown or disruption, in whole or in part, of the activities of these carriers resulting from information technology malfunctions, equipment failure, strikes, accidents, natural disasters, acts of terrorism, vandalism, sabotage, theft and damage to products, failure to comply with applicable regulations or any other disruption could reduce our ability to supply our stores, make timely deliveries to customers or maintain an appropriate logistics chain and level of inventory, all of which could adversely affect our reputation. Additionally, there can be no guarantee that we will maintain relationships with our current independent carriers, and we may at any point be required to contract with other carriers at a greater cost. The occurrence of one or more of these disruptions to our distribution network could adversely affect our business, financial condition and results of operations.

Our inability to maintain storage and fulfillment outsourcing agreements on terms acceptable to us could significantly impact our retail operations.

We rely on long-term agreements with third-party storage and fulfillment providers to store, pack and ship our products. If we are unable to maintain agreements on commercially favorable terms with our current providers, we may incur additional costs to remain with our providers or be forced to change providers, which could potentially cause a disruption to the fulfillment of product orders. Additionally, there is no assurance that agreements with new providers would include more commercially favorable terms. Failure to maintain storage and fulfillment outsourcing agreements on favorable terms could adversely affect our business, financial condition and results of operations.

The public perception and reputation of our brand could be damaged if our manufacturers of our products fail to comply with applicable labor laws or recognized ethical standards or other applicable laws, or if the public develops an impression that such violations are occurring.

We take various steps to ensure that our manufacturers comply with applicable labor and social welfare laws, as well as acceptable social and environmental standards. Nonetheless, from time to time our manufacturers or subcontractors may not be in compliance with local labor law or recognized ethical standards. If it emerges that our manufacturers of our products have not complied with applicable labor laws or recognized ethical standards, or if the public perceives that such an event is occurring, whether or not it is, the public perception and reputation of us and our brand could suffer, possibly damaging customer relationships and causing a significant decrease in our net turnover. We do not control our manufacturers and the subcontractors of our manufacturers on a day-to-day basis and they may fail to comply with our codes of conduct, applicable labor and social laws, acceptable social or ethical standards, adequate health and safety requirements, or international conventions on production and manufacturers. Our control mechanisms of our manufacturers and their subcontractors may not be successful or may fail. In addition, changing a manufacturer following discovery of a violation could result in additional costs and supply shortages or disruptions. Any of these events could adversely affect our reputation, business, financial condition and results of operations.

We may face increased marketing costs or may be unable to attract new customers with our marketing initiatives.

Our success and profitability depend on our ability to attract new customers while maintaining control over existing ones and costs. Our marketing initiatives, including advertising, search engine optimization and social media presence, may fail to retain existing customers, attract new ones or generate the anticipated purchase volumes. In addition, modifications to search engine algorithms or their general terms of use could exclude our websites from search results or lower their ranking. Additionally, the costs of these marketing initiatives could increase in the future, particularly as a result of changes in the economic model or media used. From time to time, we will also need to refresh or reinvent our communication strategy, which will require additional expenses.

Ultimately, net turnover generated by new customers as a result of marketing initiatives may not cover the costs incurred to attract them. Finally, in markets where we have already achieved significant penetration, acquiring additional customers could prove more difficult and costly. If marketing efforts do not succeed, we could face a decrease in customer demand and a decline in sales, which could have a material adverse impact on our business, financial condition and results of operations.

Use of social media and influencers may adversely impact our reputation.

There has been a marked increase in use of social media platforms and similar devices or other forms of internet-based communications which allow individual access to a broad audience of consumers and other interested persons. Consumers value readily available information concerning retailers, manufacturers and their goods and services and often act on such information without further investigation, authentication and without regard to its accuracy. The availability of information on social media platforms and devices is virtually immediate as is its impact. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is significant.

Information concerning or affecting us may be posted on such platforms and devices at any time. Such information posted may be inaccurate and adverse to us, and it may harm our business. The harm may be immediate without affording us an opportunity for redress or correction. Such platforms also could be used for the dissemination of trade secret information or compromise other valuable company assets, any of which could harm our business.

We also use social media platforms as marketing tools. For example, we maintain Facebook, Instagram, TikTok, WeChat, and Weibo accounts. We also maintain relationships with social media influencers by occasionally gifting them products to showcase, and a number of celebrities have endorsed our brand. We cannot guarantee that such relationships with influencers will continue in the future, or that celebrities will continue to endorse our brand. Any change to our relationships with influencers or spontaneous endorsements from celebrities could negatively affect our brand visibility, and our marketing costs could increase if we decided to increase payments or gifts for collaborations in order to maintain the current level of influencers and celebrities' endorsement. Also, as laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us or our employees, our network of social media influencers or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices, including the disclosure of paid content, could adversely impact our business or subject us to reputational damage, fines or other penalties.

We face certain risks in relation to e-commerce and online net turnover.

We sell our products online in Europe, the United States and Asia, directly to consumers via our e-boutique, Golden Goose Passport app and also through multi-brand e-tailers and online marketplaces. Our e-commerce operations, and the operations of third-party e-tailers and online marketplaces, are subject to numerous risks, including:

- reliance on third parties for computer hardware and software (including website development, maintenance and hosting), the need to keep up with rapid technological change and the implementation of new systems and platforms;

- in the case of our direct-to-consumer digital channels, the risk that our e-boutique or Golden Goose Passport app may become unstable or unavailable due to necessary upgrades or the failure of our computer systems or the related IT support systems as a result of computer viruses, telecommunication failures, security breaches and break-ins and similar disruptions, or disruption of internet service, whether for technical reasons or as a result of state-sponsored censorship or other causes;

- risks related to our collection of personal information;

- operational risks associated with changes in the regulatory or legal environments in which our wholesalers operate, including Brexit;

- the risk that changes to search engines' algorithms or terms of services could cause our website to be excluded from or ranked lower in "natural" search results;

- an increase in the cost of, or any decrease in the effectiveness of, our online marketing, including search engine optimization; and

- liability for online content, security breaches and consumer privacy concerns.

Our or our third-party online partners' failure to respond appropriately to these risks and uncertainties could reduce our net turnover, as well as damage our reputation and brand. The materialization of any of these risks, if significant, could adversely affect our business, financial condition and results of operations.

Furthermore, while general consumer preferences currently favor e-commerce, in particular due to the COVID-19 pandemic, and our e-commerce sales have increased with e-commerce sales representing 12% of our *Pro Forma* Net

Turnover for the year ended December 31, 2020 as compared to 6% of our net turnover for the year ended December 31, 2019, there is uncertainty as to the extent to which such trend will continue following the COVID-19 pandemic, which makes planning our e-commerce and online strategy more challenging.

Product defects may cause supply shortages, expose us to claims and damage the public perception of our products.

We depend on third-party manufacturers to manufacture our products and ensure that our products comply with relevant specifications and quality standards as well as consumer safety requirements. If a defect is identified during our quality controls, we will not accept delivery of the relevant product. In this case, we may be unable to replace the rejected product in a timely manner, which may result in supply shortages and a decline in our net turnover. In addition, there is the risk that our quality control procedures may not detect all defects and the reputation of our lines could be damaged by the marketing of defective products, especially in case of serious defects such as products containing harmful substances causing physical harm or other health problems. Such serious defects could also lead to a significant decline in net turnover and expose us to liability for regulatory violations or damage claims.

From time to time in the normal course of our business, we may also become subject to product liability claims. We maintain general product liability coverage. However, we cannot assure you that any insurance coverage will be sufficient to insure against claims which may be brought against us, or that we will be able to maintain such insurance or obtain additional insurance covering existing or new products. Significant product liability claims may also lead to increased scrutiny by international, national or local regulatory agencies.

Any such events, especially if there is a prolonged impact on product quality, could adversely affect our business, financial condition and results of operations.

Our ability to attract customers to our stores may also depend on the attractiveness of the locations in which our stores are located, and any decrease in footfall in such areas could adversely impact our net turnover.

We operate stores located in a variety of locations ranging from city centers to shopping malls and commercial areas. As a result, our net turnover is dependent, to a significant degree, on the volume of customer traffic in the retail destinations in which our stores are located and the surrounding areas which, in turn, depends on several factors. To a large extent, customer traffic in the retail destinations in which our stores are located depends on several factors, including the ability of a particular retail location to generate consumer traffic or maintain its attractiveness, the ability of other retailers in those destinations to generate customer traffic in the vicinity, the accessibility of such retail location, the availability of parking, the distance from the consumer's home or place of business and the mix of other retail, dining and entertainment options in the vicinity.

Adverse economic conditions or other factors in certain markets where we operate may cause other retailers to close stores. As a result, occupancy rates in certain shopping centers may decrease, and store closures by other retailers and vacancies in shopping centers and other retail destinations will tend to reduce footfall to the entire shopping center. We cannot control the availability or cost of appropriate locations, competition with other retailers for prominent locations or the success of individual shopping centers and there can be no assurance that we will be able to obtain alternative store leases in prime locations on commercially acceptable terms.

Moreover, changes in areas around our store locations or changes in consumer shopping patterns, including a continued shift of consumer spending from brick-and-mortar retail stores to the online channel, that result in reductions in customer foot traffic or otherwise render the locations unsuitable could cause our sales to be less than expected. Importantly, the COVID-19 pandemic has affected consumers' decisions to visit shopping centers and brick-and-mortar stores even after they have re-opened upon cessation of government-mandated lockdowns due to the real or perceived risk of contracting the virus. There can be no guarantee that consumer shopping in physical stores will return to pre-COVID-19 levels in the foreseeable future. See "*—We face risks related to health epidemics, pandemics and other outbreaks, including the COVID-19 pandemic, which could adversely affect our business*."

Finally, an existing prime location may deteriorate as a result of more popular shopping centers opening in the vicinity of the existing location or if consumer shopping patterns change. Any number of these factors may impact the level of customer traffic in our stores and could adversely affect our business, financial condition and results of operations.

The operation of our wholesale network and local partnership model for certain duty-free shops in APAC present a number of risks.

Our wholesale network consists of a large number of third-party multi-brand and department stores globally, all of whom buy stock from us for resale to end-customers. Although we provide wholesalers with recommended retail prices based on a common geo-pricing strategy based on the country and currency of each wholesaler and monitor our wholesalers' practices to check consistency with our brand strategy, we exercise virtually no control over them and have little influence over our brand placement within those multi-brand and department stores following delivery of our products. Consequently, they may not be able to successfully operate stores in a manner consistent with our standards and requirements, or hire and train qualified managers and other store personnel. We are subject to similar risks in relation to our four duty-free stores in South Korea and duty-free store in China, all of which are classified within our retail distribution channel. Any of these risks could adversely affect our business, financial condition and results of operations.

Our operations may be interrupted or otherwise adversely affected as a result of failures in our IT systems.

Our success depends on the continuous and uninterrupted availability of our IT systems and software to process, among other things, customer transactions, design products, manage inventory, prepare our reporting, and manage the purchase and shipment of our products. The management of our IT infrastructure and systems are performed both in-house and outsourced to third-parties.

We rely on software acquired or licensed to us from third parties. We cannot guarantee that the various software programs we use to operate our business will not result in, among other things, loss of data and IT system underperformance, and our existing data backup, access protection, user management and IT emergency planning may not be sufficient to prevent information loss or disruptions to our IT systems.

Furthermore, if our IT systems are breached due to a cyber-attack, we could experience a material disruption to our IT systems as well as data loss that could adversely affect our business. In particular, we face the risk that customer data that we collect for marketing purposes may be stolen or misappropriated. In this case, customers may lose their confidence in us and be discouraged from providing us with their data and our marketing could be negatively affected as a result. Future results could be negatively impacted by data theft, destruction or loss, or unplanned release of confidential information. In addition to the operational and data losses we could experience from a cyber-attack, our reputation with customers, suppliers or others could be damaged, which could adversely affect our business, financial condition and results of operations.

Our management of personal information and other customer data subjects us to European and national regulations and other legal obligations related to privacy, information security and data protection.

We are subject to data protection and privacy legislation, including the EU General Data Protection Regulation 2016/679 (the "**GDPR**") and the Italian Privacy Code (Legislative Decree No. 196/2003, as amended by Legislative Decree No. 101/2018, which adapted applicable Italian rules to GDPR). Such laws and regulations restrict our ability to collect, process and use personal data relating to 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 EU-based companies or companies that process personal data about EU subjects (either as "data controllers" or as "data processors") to comply with a large number of obligations, which relate for example to (i) the processing of personal data including transparency, data minimization, accuracy, storage limitation, security, and confidentiality; (ii) the ability of the controller to demonstrate compliance with such principles (accountability); (iii) the obligation to identify a legal basis before the processing; and (iv) rights of data subjects, such as, among others transparency, right of access, right to rectification, or right to erasure. Similarly, the State of California legislature passed the California Consumer Privacy Act of 2018 ("**CCPA**"), effective January 1, 2020, which grants certain rights to California residents with respect to their personal information and requires companies to take certain actions, including notifications for certain security incidents. We are also subject to the European Parliament and Council Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector ("**E-Privacy Directive**"). The E-Privacy Directive requires, among other things, that in certain circumstances retailers such as us obtain an individual's consent prior to undertaking electronic direct marketing activities.

Our failure to comply with laws regarding privacy and protection of data (including the GDPR, CCPA, E-Privacy Directive and any other similar legislation in the countries where we operate) could lead to significant fines and penalties imposed by regulators, as well as potential claims by our customers. For example, under GDPR regulations, depending on the nature and gravity of the breaches committed, fines can be up to €10 million or 2% of the previous year's worldwide turnover, whichever is greater, or € 20 million or 4% of the previous year's worldwide turnover, whichever is greater, particularly in the event of a breach of the conditions applicable to consent and/or related to data subjects' rights. In case of control by the supervisory authorities, administrative fines are often not applicable before a formal order. 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 the processing).

Data protection proceedings or violations could force us to expend funds in defense or settlement of these proceedings, result in the imposition of monetary liabilities, increase our costs of doing business and adversely affect our reputation. There can be no assurance that our existing general liability insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that our insurers will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our business, financial condition and results of operations.

We may be unable to protect our trademarks and other intellectual property rights to the same extent in all territories, and we may infringe the intellectual property rights of third parties.

Our trademarks and other intellectual property rights are important to our success and our competitive position. Our products are imitated and our intellectual property rights are infringed from time to time in the ordinary course of our business. This risk has increased in recent years in connection with increased success of our brand, the development of online sales and the advent of the "grey" market where authentic products are bought and commercially resold by unauthorized sellers. We cannot assure you that the actions we take to establish and protect our trademarks and other intellectual property rights will be adequate to prevent imitation of our products by others, particularly by producers of counterfeit products, or to prevent sales of genuine products by non-authorized retailers (parallel import/markets). For example, in 2017 we initiated intellectual property proceedings against third parties (in which we are now defending counterclaims for the declaration of invalidity of the figurative and positional trademarks at issue) in order to prevent them from producing and commercializing products which we believe infringe on our intellectual property rights. In addition, even though a trademark has been duly registered, it can be declared void for lack of distinctiveness by means of nullification actions initiative by third parties. Additionally, the fact that a trademark is not used for a certain period of time (such length of time depending on the jurisdiction) may render the trademark registration voidable. The effective and prior use of a sign may also prevail over the registration of the trademark. In addition, the unauthorized reproduction or other misappropriation of our trademarks would diminish the value of our brand, which could reduce demand for our products or the prices at which we can sell our products.

Our products may violate intellectual property rights (in particular trademarks and design rights) of third parties and we have been subject to such claims from time to time. In a few jurisdictions our applications for registration of certain trademarks have been denied, and we are subject to certain opposition proceedings pending before the relevant authorities in China, the United States, Europe and Egypt, including with respect to trademarks that we consider core for our business. For example, we are subject to an opposition proceeding in the United States in relation to the U.S. designation of the international World Intellectual Property Organization (WIPO) registration of our "cut-off" star, initiated in 2018. If we are perceived to have adopted trends or designs developed by competitors, we may become subject to claims that we have violated the intellectual property rights of others. Such claims may cause lasting damage to our reputation, even if we are not actually responsible for causing such damage and no fault on our part is proven. We may be prevented by third parties from using, sourcing or marketing certain designs and product ideas. If we violate a third party's rights, we may be liable for damages as well as litigation costs and may be obligated to withdraw goods already produced from the market or purchase a license to use such rights or be forced to enter into a coexistence agreement by which we may share the relevant rights. This may reduce net turnover, erode margins or damage our reputation.

If any of these events occurs, the image and reputation of our lines could be negatively impacted, which could adversely affect our business, financial condition and results of operations.

The United Kingdom's withdrawal from the European Union ("Brexit") may have a negative effect on global or regional economic conditions, financial markets and our business, which could materially adversely affect our business, results of operations and financial condition.

In the year ended December 31, 2020, we generated €13 million, or 5% of our *Pro Forma* Net Turnover, in the United Kingdom. Following a national referendum and enactment of legislation by the government of the United Kingdom, the United Kingdom formally withdrew from the European Union ("**Brexit**") 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, among other things, trade, economic arrangements, law enforcement and, judicial cooperation. It also provides for a governance framework including procedures for dispute resolution. Because on many matters the agreement merely sets forth a framework and requires 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. In particular, Brexit poses additional challenges to the supply of goods to and from the European Union and the United Kingdom. Uncertainty also exists over the effects of the Trade and Cooperation Agreement between the European Union and the United Kingdom entered into on December 24, 2020 and applicable since January 1, 2021. Uncertainty regarding the practical implications of the new regime could result in further volatility in market or economic conditions in the European Union or the United Kingdom, which could lead to various developments that could negatively impact our business.

Brexit has given rise to calls for certain regions within the United Kingdom to preserve their place in the European Union by separating from the United Kingdom as well as for the governments of other EU member states to consider withdrawal. Political instability in the United Kingdom or the European Union as a result of Brexit may result in a material negative effect on credit markets and foreign direct investments in Europe. A potential deterioration in economic conditions could result in increased unemployment rates, increased short-term and long-term interest rates, consumer and commercial bankruptcy filings, a decline in the strength of national and local economies, and other results that could negatively impact household incomes.

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 the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings have been and may continue to be subject to increased market volatility.

As a result, the United Kingdom's decision to leave the European Union could adversely affect our business, results of operations and financial condition.

Recent and future political developments could result in increased regulation of trade, increased protectionism and a global trade war, which could adversely affect demand for our products.

The former and current U.S. administration have voiced strong concerns about imports from countries that it perceives as engaging in unfair trade practices, specifically China, and has imposed tariffs on certain goods imported from China into the United States, while further raising the possibility of imposing significant, additional tariff increases. The announcement of unilateral tariffs on imported products by the United States has triggered retaliatory actions from certain governments and may trigger retaliatory actions by other governments, potentially resulting in a "trade war." Additionally, as a result of perceived unfair trade practices, the former U.S. administration imposed tariffs on certain imports from the European Union. Though such tariffs are now suspended, there can be no guarantee that such measures will not be re-implemented in the future. These measures could negatively affect our ability to export our products to the United States for onward selling to our customers at prices we deem appropriate.

Other political developments, such as the joint imposition of sanctions on Chinese government officials by the United States and the European Union, may also impact trade relations between the European Union and China, and could, for example, derail ongoing trade deal negotiations between the European Union and China, into which we sell a significant amount of our products. "Trade wars" of this nature or other governmental action related to tariffs or international trade agreements has the potential to adversely affect the competitiveness of our products.

The talents and continued contribution of our key personnel and consultant designers are important to our success.

We believe our future success depends on our ability to retain and motivate our key management who have extensive experience and knowledge of the luxury goods industry, on our ability to attract and integrate new members of management into our operations, and the ability of all personnel to work together effectively as a team and to execute our business strategy. We depend on key personnel to manage our business and the departure of such personnel, and if we were to lose the services of members of our senior management team and were unable to employ suitable replacements in a timely manner, our business, results of operations, financial condition and prospects could be adversely affected. It is also possible that members of our senior management team might join one of our competitors, including as a result of statutory limitations in the enforcement of any post-termination non-compete obligations that they may have agreed with us.

In addition, our ability to anticipate and effectively respond to changing customer preferences and tastes depends, in part, on our ability to attract and retain key personnel in our buying, design, marketing and other functions, or enter into collaborations with well-known designers. For example, we currently have consultancy agreements in place with the two founders of our business, which ensure that we can continue to benefit from their creative talents until 2025, and can restrict their ability to compete with us until 2025. Competition for such personnel and consultants is intense, and we may not be able to attract and retain a sufficient number of qualified personnel in the future, which could adversely affect our business and prospects.

A deterioration in the relationships with our employees or trade unions or a failure to extend, renew or renegotiate our collective bargaining agreements on favorable terms could have an adverse impact on our business.

As of December 31, 2020, we employed 760 people, 246 of whom are located in Italy. Maintaining good relationships with our employees, unions and other employee representatives is important to our operation, and deterioration of the relationships with them could have an adverse effect on our business, results of operations and financial condition. Our employees in Italy are covered by national collective bargaining agreements, complementing the applicable statutory provisions in respect of, among other things, the general working conditions of our employees such as maximum working hours, holidays, termination, retirement, welfare and incentives. National collective bargaining agreements and company-specific agreements also contain provisions that could affect our ability to restructure our operations and facilities or terminate employees.

We may not be able to extend existing company-specific agreements, renew them on their current terms or, upon the expiration of such agreements, negotiate such agreements in a favorable and timely manner or without work stoppages, strikes or similar industrial actions. The national collective bargaining agreements applicable to our business are subject to period review and renegotiation, and we may become subject to additional company-specific agreements. Such amendments to national collective bargaining agreements, or additional company-specific agreements, may increase our operating costs and have an adverse effect on our business, results of operations and financial condition.

Changes in credit and debit card provider requirements or applicable regulations could adversely affect our business.

Since a substantial portion of our sales is made to customers that pay for their purchases with credit or debit cards, rather than with cash, we are exposed to a variety of risks associated with credit and debit cards, including fraud. For credit and debit card payments, we pay interchange and other fees. These fees may increase over time and thus increase our operating expenses and adversely affect our results of operations. We are also subject to payment card association operating rules, certification requirements (including enhanced data storage and security processes) and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply.

Any failure to comply with applicable requirements or regulations may subject us to fines and higher transaction fees, the loss of our ability to accept credit and debit card payments from our customers or the cessation of payments from credit and debit card providers to us for purchases already made. Any of these factors could adversely affect our business, financial condition and results of operations.

We are subject to customs, advertising, consumer protection, privacy, zoning and occupancy and labor and employment laws that could require us to modify our current business practices, incur increased costs or harm our reputation if we do not comply.

We are subject to numerous laws and regulations, including employment, customs, textile labeling, truth-in-advertising, consumer protection, general privacy, identity theft, online privacy, unsolicited commercial communication as well as zoning and occupancy laws and ordinances that regulate retailers generally or govern the importation, promotion and sale of products and the operation of free-standing stores and warehouse facilities. If these regulations were to change or were to be violated by our management, suppliers, distributors, distribution partners, wholesalers or agents, we could experience delays in shipments of our products, be subject to fines or penalties or suffer reputational harm, which could reduce demand for our products and hurt our business and results of operations.

Legal requirements are frequently changed, are subject to interpretation and vary by jurisdiction, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. Failure to define clear roles and responsibilities or to regularly communicate with and train our associates may result in noncompliance with applicable laws and regulations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business and adversely affect our business, financial condition and results of operations.

We may become involved in legal proceedings.

From time to time, we are subject to complaints or may be involved in litigation, administrative and arbitration proceedings, such as labor-related litigation, tax and social contribution reassessments, intellectual property litigation or debt recovery and other sales-related litigation with our employees, customers, suppliers or other business partners. Even if we were successful in defending any such proceedings, we would still suffer from the distraction of management resources in connection with such proceedings, incur certain expenses and possibly face damage to our reputation from case-related publicity. The involvement in litigation, administrative and arbitration proceedings as well as the outcome of such litigation and proceedings, which cannot be predicted and may not be in accordance with our assessments, may adversely affect our business, results of operations and financial condition.

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

We have taken out insurance policies to cover a wide range of risks and we intend to maintain an adequate level of insurance appropriate to our business. Nevertheless, insurance policies are subject to usual limitations (such as excesses and caps) and not all claims are covered by insurance policies. There can be no assurances that we may be faced with a major incident that is not covered by any of our insurance policies. In addition, the occurrence of several incidents in the same year and significant demands for indemnification resulting from them may adversely affect our business, results of operations and financial condition. Moreover, the costs of the policies may increase in light of our claim history or as a result of a general increase in prices in the insurance market. As a result, we cannot guarantee that we will succeed in maintaining our current levels of coverage or will be able to do so at a reasonable cost, potentially leading to material adverse impacts on our business, financial condition and results of operations.

Our business is exposed to foreign currency exchange rate fluctuations.

Our results of operations for our international subsidiaries are exposed to foreign exchange rate fluctuations as the financial results of the applicable subsidiaries are translated from the local currency into Euro during financial statement consolidation. Additionally, we are exposed to foreign exchange transaction risk, as we transact with wholesale partners in countries such as the United States, Korea and China using respective local currencies. Our total net exposure primarily relates to the US. Dollar, South Korean won and Chinese yuan, with approximately 31%, 13% and 6% of our total *Pro Forma* Net Turnover for the year ended December 31, 2020 denominated in U.S. dollars, South Korean won and Chinese yuan, respectively. In order to mitigate our exposure to currency exchange rate fluctuations, we routinely engage in derivatives transactions to hedge against any such fluctuations. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosure About Market Risk—Exchange Rate Risk*." However, there is no guarantee we will be adequately protected against such risks, which may adversely affect our business, results of operations and financial condition.

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

We are subject to various taxes in Italy, the United States, South Korea, China, the United Kingdom and several other jurisdictions in Europe and elsewhere. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates.

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

In addition, tax law and administration is complex, subject to subjective evaluations and interpretive decisions and often requires us to make subjective interpretive decisions and calculations as to whether and eventually to what extent, we owe amounts to the relevant tax authorities. We often rely in that respect on generally available interpretations of applicable tax laws and regulations. We are from time to time subject to tax audits and investigations by the tax authorities, which include investigations with respect to the direct tax and indirect tax regime applicable to our transactions. There cannot be certainty that the relevant tax authorities are in agreement with our interpretations of, or with the positions we have taken or intend to take on, tax laws applicable to our ordinary activities and extraordinary transactions. We may also inadvertently or for reasons beyond our control fail to comply with certain tax laws or regulations in connection with a particular transaction. This may have a negative tax impact and may also result in the application of penalties or sanctions and interest for delayed payment.

If our tax positions are challenged by relevant tax authorities, the imposition of additional taxes, penalties and accrued interest, could require us to pay amounts that we currently do not collect or pay or increase the costs of our services to track and collect such amounts, which could increase our costs of operations or our effective tax rate and adversely affect our business, results of operations and financial condition.

It may be necessary to defend our tax filings in court if a reasonable settlement cannot be reached with the relevant tax authorities and such ensuing litigation could be costly and distract management from the other affairs of our business. Tax audits and investigations by the competent tax authorities may generate negative publicity that could harm our reputation with customers, suppliers and counterparties.

The occurrence of any of the foregoing tax risks or liabilities could adversely affect our business, results of operations and financial condition.

The adoption by the Council of the European Union of an EU list of non-cooperative jurisdiction for tax purposes and the use of this list in the jurisdictions where we operate may impact our financial results.

The Council of the European Union adopted on December 5, 2017 its conclusions on the EU list of non-cooperative jurisdictions for tax purposes (the "**Council Conclusions**") which is composed of two sub-lists (respectively, the "**Black List"** and the "**Grey List**," together referred to as the "**EU List**"). The EU List was established following a screening and a dialogue conducted by a code of conduct working group appointed by the Council during 2017 with a large number of third-country jurisdictions to improve tax good governance globally, and to ensure that the EU's international partners respect the same standards as Member States (as defined herein) do. The Black List, which is updated at least twice a year and was initially composed of 17 jurisdictions, is currently composed of 12 jurisdictions (American Samoa, Belize, Fiji, Guam, the Marshall Islands, Oman, Samoa, Trinidad and Tobago, the United Arab Emirates, the United States Virgin Islands, Dominica and Vanuatu). Furthermore, the Council published a Grey List of screened jurisdictions that committed to introduce changes in their tax legislation in order to comply with the European Union screening criteria. Though there is no applicable sanction yet, Member States are encouraged by the Council Conclusions to agree on coordinated sanctions to apply at national level against these listed jurisdictions, such as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions. If such sanctions are similarly implemented against any of the countries in which we operate or intend to expand, this could adversely affect our business, results of operations and financial condition.

The services that we provide are subject to value-added taxes and sales taxes that may increase.

The services we provide to certain of our customers are subject to value-added taxes, sales taxes or other similar taxes. Tax rates may increase at any time and any such increase could affect our business and the demand for our products, and thereby reduce our operating profit, negatively affecting our business, financial condition, results of operations and cash flow available to service our indebtedness.

Certain pro forma financial and other information included herein needs to be carefully considered.

This Offering Memorandum includes certain unaudited *pro forma* consolidated financial information, including the Unaudited 2020 *Pro Forma* Income Statement, and certain unaudited combined consolidated financial information, including the Unaudited 2020 Combined Income Statement and the Unaudited 2020 Combined Cash Flow Statement. The foregoing financial information has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Exchange Act, the Prospectus Regulation or any generally accepted accounting principles and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards, and is presented for informational purposes only to enable comparisons between the periods under review. Investors are cautioned not to place undue reliance on such information. Our actual results may differ significantly from those reflected in foregoing for a number of reasons, including, but not limited to, differences in assumptions or estimates used to prepare such financial information. Such information should be considered in addition to, as opposed to a substitution for, the Audited Consolidated Financial Statements.

Risks Related to Our Financial Profile

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

We are highly leveraged. As of December 31, 2020, on a *pro forma* basis after giving effect to the Offering and the Refinancing, we would have had total financial indebtedness of €593.7 million and senior secured financial indebtedness of €495.0 million, each including indebtedness under the Notes. See "*Capitalization*."

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

- making it difficult for us to satisfy our obligations with respect to the Notes;
- making us vulnerable 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 payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund new debt portfolio purchases, trade working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes.

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.

Despite our substantial leverage, we may still be able to 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 business.

The terms of the Indenture will permit the Group to incur substantial additional indebtedness, including in respect of committed borrowings of up to €75.0 million under the Revolving Credit Facility Agreement and additional Notes. The new debt that we incur in the future, including for example in connection with acquisitions, may rank *pari passu* with, be structurally senior to, or be secured by assets that do not form part of the Collateral for the Notes. Any such additional indebtedness could mature prior to the Notes. We may also enter into new qualified receivables financing programs, pursuant to which we would pledge receivables that either do not form part of the Collateral or would be released from the Collateral in connection with any such program. 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 under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. In addition, the Indenture will not, and the Revolving Credit Facility Agreement does not, prevent us from incurring obligations that do not constitute indebtedness under those agreements. Furthermore, if we are able to designate some of our restricted subsidiaries under the Indenture as unrestricted subsidiaries, those unrestricted subsidiaries would be permitted to borrow beyond the limitations specified in the Indenture and engage in other activities in which restricted subsidiaries may not engage. See "*Description of the Notes*" and "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*." If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we now face would increase.

We will be subject to restrictive debt covenants that may limit our ability to finance future operations and capital needs and to pursue business opportunities and activities.

The Indenture will restrict, among other things, our ability to:

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

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

In addition, we are subject to the affirmative and negative covenants in the Revolving Credit Facility, which negative covenants are substantially similar to the covenants that will be included in the Indenture.

A breach of any of those covenants or the occurrence of certain specified events will, subject to applicable cure periods and other limitations, result in an event of default under the Revolving Credit Facility Agreement. Upon the occurrence of any event of default under the Revolving Credit Facility Agreement, the Acceleration Majority Lenders (being, subject to certain limitations, lenders under the Revolving Credit Facility Agreement whose commitments thereunder aggregate at least $66^2/_3$% of the total commitments thereunder) could, while such event of default remains unremedied or unwaived, cancel the availability of the Revolving Credit Facility Agreement and elect to declare all amounts outstanding under the Revolving Credit Facility Agreement, together with accrued interest, immediately due and payable. In addition, a default or event of default under the Revolving Credit Facility Agreement could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture. If our creditors, including the creditors under the Revolving Credit Facility Agreement accelerate the payment of amounts owing to them under such other debt instruments, 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 which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any security interests granted to them to secure repayment of those amounts.

We may not be able to generate sufficient cash to service our indebtedness and may be forced to take other actions to meet our obligations under our indebtedness, which may not be successful.

We have, and after the issuance of the Notes, we will continue to have, significant debt service obligations. Our ability to make principal or interest payments when due on our indebtedness, including our drawings under the Revolving Credit Facility and our obligations under the Notes, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, many of which are beyond our control. See "*Risk Factors—Risks Related to Our Business and Industry*."

Our Revolving Credit Facility will mature in 2026 and the Notes offered hereby will mature in 2027. See "*Description of Certain Financing Arrangements*" and "*Description of the Notes.*" At the maturity of loans outstanding under the Revolving Credit Facility and of the obligations under the Notes and any other debt which we incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, or we are otherwise restricted from doing so due to corporate, tax or contractual limitations, we may be required to refinance our indebtedness. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms acceptable to us, we may be forced to reduce or delay our business obligations, activities or capital expenditures, sell assets, raise additional debt or equity financing in amounts that could be substantial, or restructure or refinance all or a portion of our debt, including the Notes, on or before maturity. We cannot guarantee that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all, or that those actions would secure sufficient funds to meet our obligations under our indebtedness.

In particular, our ability to restructure or refinance our debt will depend in part on our financial condition at such time as well as on many factors outside of our control, including then prevailing conditions in the international credit and capital markets. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants. The terms of existing or future debt instruments and the Indenture and Revolving Credit Facility Agreement may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness.

In the absence of operating results and resources sufficient to service our indebtedness, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our indebtedness, including the terms of the Indenture and the Revolving Credit Facility Agreement, restrict or will restrict our ability to transfer or sell assets and the use of proceeds from any such disposal. We may not be able to carry out certain disposals or to obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet any of our debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our debt service obligations.

Risks Related to the Notes and the Collateral

The Notes and any future Note Guarantees (if any) will be structurally subordinated to the liabilities and preference shares (if any) of non-guarantor subsidiaries.

None of the Issuer's subsidiaries will initially guarantee the Notes, which means that holders of the Notes will have no direct claims against the assets or the earnings of the Issuer's subsidiaries to satisfy obligations due under the Notes. Generally, claims of creditors of a subsidiary, including depositors, trade creditors, and claims of preference shareholders (if any) of such subsidiary, will have priority with respect to the assets and earnings of such subsidiary over the claims of creditors of its parent entity, including claims by holders of the Notes under the Notes. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of our subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Notes will be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of the subsidiaries of the Issuer. Any of the debt that the Issuer's subsidiaries incur in the future in accordance with the Indenture, to the extent such subsidiaries do not in the future provide guarantees of the Notes, will rank structurally senior to the Notes. As of December 31, 2020, on an *as adjusted* basis taking into account the Offering and the Refinancing, all of our financial indebtedness would have been held by the Issuer. Future debt incurred by non-guarantor subsidiaries may be substantial.

Providers of Collateral will have control over the Collateral, and the sale of particular assets could reduce the pool of assets securing the Notes.

The security documents relating to the Notes and the Revolving Credit Facility Agreement (provided no acceleration event has occurred and is continuing) allow, or will allow, Midco 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. In addition, so long as no acceleration event has occurred and is continuing and subject to certain conditions (as set out in the Indenture, the Revolving Credit Facility Agreement, the applicable security documents and/or the Intercreditor Agreement), Midco and any other Collateral provider, as applicable, may, among other things, 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 certain Collateral and making ordinary course cash payments, including repayments of indebtedness.

Holders of the Notes will not control certain decisions regarding the Collateral and other distressed disposals.

The Collateral that will secure the Notes also secures obligations under the Revolving Credit Facility Agreement on a super priority basis. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral on a *pari passu* or super priority basis with the Notes.

Pursuant to the Intercreditor Agreement, lenders under the Revolving Credit Facility Agreement, providers of certain additional super senior indebtedness, certain counterparties to cash management obligations and hedging obligations, if any, the Security Agent, any receiver and certain creditor representatives, including the Trustee, are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale and all amounts received by the Security Agent pursuant to the turnover provisions of the Intercreditor Agreement in priority to the Notes. As such, in the event of a foreclosure of the Collateral or any other distressed disposal, you may not be able to recover on the Collateral if the aggregate of the then-outstanding claims under super senior indebtedness or liabilities are greater than or equal to the proceeds realized. Any proceeds from an enforcement sale of the Collateral by any creditor and all amounts received by the Security Agent pursuant to the turnover provisions of the Intercreditor Agreement will, after all obligations under super senior indebtedness have been discharged from such recoveries, be applied *pro rata* in repayment of any other obligations secured by the Collateral which are permitted to rank *pari passu* with the Notes.

The Intercreditor Agreement provides that a common Security Agent, which also serves as the security agent for the lenders under the Revolving Credit Facility Agreement and the creditors of any additional debt secured by the Collateral permitted to be incurred by the Revolving Credit Facility Agreement and the Indenture, will act only as provided for in the Intercreditor Agreement and the security documents. The Intercreditor Agreement also regulates the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action. The Security Agent is not required to take enforcement action unless instructed to do so by an Instructing Group (as defined below under "*Description of Certain Financing Arrangements—Intercreditor Agreement*") that comprises (i) creditors holding in aggregate more than $66^2/_3$% of the aggregate commitments under the Revolving Credit Facility Agreement, the aggregate commitments under any super senior Credit Facility, the aggregate of hedging exposures under certain priority hedging obligations and the aggregate of obligations under certain priority cash management liabilities (the "**Majority Super Senior Creditors**") and (ii) creditors holding in aggregate more than 50% of the outstanding principal amount of the Notes and the outstanding principal amount of any indebtedness ranking *pari passu* with the Notes (the "**Majority Senior Secured Creditors**") (in each case, except for any hedge counterparties, acting through their respective creditor representative). If, however, before the discharge of all super senior obligations, the Security Agent has received conflicting enforcement instructions from the creditor representatives (and for these purposes, silence is deemed to be a conflicting instruction) then, to the extent the instructions from the Majority Senior Secured Creditors (to the extent given) comply with the initial consultation requirements and the security enforcement principles set forth in the Intercreditor Agreement (one of which states that the primary and overriding objective of an enforcement of security over the Collateral is the maximization, so far as is consistent with prompt and expeditious realization of value, of recoveries by the Super Senior Creditors and the Senior Secured Creditors (each as defined below under "*Description of Certain Financing Arrangements—Intercreditor Agreement*")), the Security Agent will comply with the instructions from the Majority Senior Secured Creditors, *provided* that if the super senior liabilities have not been fully discharged within six months, or no enforcement action has occurred within three months of the date on which the first such enforcement instructions were issued, then the instructions of the Majority Super Senior Creditors will prevail. To the extent we incur additional indebtedness that is secured on a *pari passu* basis with the Notes, the voting interest of the holders of the Notes in an instructing group will be diluted commensurately with the amount of indebtedness we incur.

The lenders under our super senior indebtedness 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 in respect of the Collateral at a time when it would be disadvantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells Collateral comprising the shares of the Issuer, the shares of any holding company (in the case of any future grant of share security at such levels) or the shares of any subsidiary of the Issuer as a result of an enforcement action or other distressed disposal in accordance with the Intercreditor Agreement, claims under the Notes against, and the liens over any other assets of, such entities and any subsidiaries of such entity securing the Notes may be released. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*," "*Description of the Notes—Security—Release of Liens*."

Claims of our super senior creditors will have priority with respect to their security over the claims of holders of the Notes, to the extent of the value of the assets securing such indebtedness.

Claims of our super senior creditors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, in the event of any enforcement over Collateral that secures the Notes and pursuant to certain other turnover provisions under the Intercreditor Agreement, holders of super senior indebtedness will have prior claims to such Collateral.

Under the terms of the Intercreditor Agreement, if, for any reason, obligations owed to any super senior and senior secured creditors remain unpaid after enforcement of the Collateral and the resulting losses are not borne by the super senior creditors and the senior secured creditors in the proportion corresponding to the total liabilities owed to the super senior creditors and the senior secured creditors, respectively, then the applicable creditors will be required to make payments among themselves to achieve the appropriate proportion in accordance with the order of priority contemplated by the Intercreditor Agreement. As a result, the holders of the Notes, together with any creditors under any other Senior Secured Debt, on a collective basis, may need to make payments to the super senior creditors to rectify any disproportionate recovery in an enforcement scenario.

To the extent that the Notes are not repaid in full from the proceeds of an enforcement of the Collateral securing the Notes, the holders of the Notes will participate ratably with all creditors of other indebtedness that is permitted to rank *pari passu* with the Notes, creditors of any indebtedness ranking junior to the Notes, and potentially with all other general creditors, depending upon the respective amounts owed to each holder or creditor, in the remaining assets of the Issuer.

As of December 31, 2020, on an *as adjusted* basis to reflect the Offering and the Refinancing, we would have had an aggregate principal amount of €25.0 million of financial liabilities outstanding secured by liens with a prior right to recovery to the liens securing the Notes, and up to €50.0 million would have been available for additional borrowings under the Revolving Credit Facility on a committed basis. We may also enter into further hedging obligations or other indebtedness entitled to be repaid in priority to the Notes, or issue further indebtedness which will be entitled to rank *pari passu* with the Notes in right and priority of payment and which will be entitled to share in the Collateral with the Notes on a *pari passu* basis. In the event that any such debt is further issued, the creditor voting rights of the holders of the Notes will be diluted proportionately to the amount of indebtedness incurred which will be entitled to rank *pari passu* with the Notes.

The ability of holders of the Notes to recover under the Collateral may be limited.

The Collateral may not be liquid, and its value to other parties may be less than its value to us. Likewise, we cannot assure the holders of the Notes that there will be a market for the Collateral or that, if such market does exist, there will not be substantial delays in its liquidation. The shares of the Issuer may also have limited value in the event of a bankruptcy, insolvency or other similar proceeding in relation to the Issuer because all obligations of the Issuer (subject to the release mechanism in the Intercreditor Agreement) must be satisfied prior to distribution to such entity's equity holders. As a result, the holders of the Notes may not recover anything of value in the case of an enforcement of the pledges of the shares in the Issuer. In addition, the value of this Collateral may fluctuate over time.

Furthermore, each security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability. See "*—Risks Related to the Notes and the Collateral—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*."

Additionally, holders of the Notes may not be able to recover on the Collateral that is also pledged as security for any super senior indebtedness because the creditors in respect thereof will have a prior right to recovery on all proceeds realized from any enforcement of such Collateral and any distressed disposal with respect to such Collateral, and the holders of the Notes will need to share any remaining proceeds from such enforcement with any other secured creditor ranking *pari passu* with the Notes. See "*—Holders of the Notes will not control certain decisions regarding the Collateral and other distressed disposals*" and "*—Claims of our super senior creditors will have priority with respect to their security over the claims of holders of the Notes, to the extent of the value of the assets securing such indebtedness*."

The Collateral may not be sufficient to secure the obligations under the Notes.

On or about the Issue Date, the Notes will be secured on a first-ranking basis by the Collateral, which also secures obligations under the Revolving Credit Facility. Upon a refinancing of the Revolving Credit Facility Agreement, or if the lenders under the Revolving Credit Facility Agreement consent to an increase of the commitments under the Revolving Credit Facility Agreement, or if we exercise our right to incur cash management or priority hedging arrangements, the amount that will benefit from super-senior interests in the Collateral may be increased, subject to the limits imposed under the Indenture. The Collateral may also secure additional debt ranking *pari passu* with the Notes (including non-priority hedging arrangements) to the extent permitted by the terms of the Indenture and the Intercreditor Agreement. The rights of the holders of the Notes to the Collateral may therefore be diluted by any increase in the super-priority debt secured by the Collateral, an increase in obligations secured on a *pari passu* basis with the Notes or a reduction of the Collateral securing the Notes.

The value of the Collateral and the amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, the condition of the economies in which our operations are located and the availability of buyers. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in our liquidation. In addition, the share pledges over the shares of an entity may be of no value if the applicable entity is subject to an insolvency or bankruptcy proceeding. Furthermore, certain of our contracts include a change of control clause, which may be triggered by the enforcement of Collateral and may limit the value of the Collateral. The Collateral is located in Italy and any other jurisdiction applicable to any future collateral. The multi-jurisdictional nature of any foreclosure on the Collateral may limit the realizable value of such Collateral. For example, the bankruptcy, insolvency, administrative and other laws of the various jurisdictions may be materially different from, or conflict with, each other, including in the areas of rights of creditors, priority of government and other creditors, ability to obtain post-petition interest and duration of the proceedings.

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

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

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

Similar considerations also apply following the Issue Date, in the event subsidiaries accede as additional Guarantors of the Notes and/or grant security interests over their relevant assets and equity interests for the benefit of holders of the Notes, as applicable.

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

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 Issuers may be limited.

Other limitations pursuant to bankruptcy or insolvency laws.

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

Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect to the claims of other creditors, even if such claims are secured claims. See "*Certain Limitations on Validity and Enforceability of the Collateral and Certain Insolvency Law Considerations.*"

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

Under various circumstances other than repayment or discharge of the Notes, the Collateral securing the Notes may be released automatically, including:

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

- in the case of a Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such Guarantor;

- as described under "*Description of the Notes—Amendments and Waivers*";

- upon a defeasance or satisfaction and discharge of the Notes that complies with the provisions under "*Description of the Notes—Defeasance*" or "*Description of the Notes—Satisfaction and Discharge*";

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

- in connection with the granting of liens or rights with respect to property and assets, which may include the Collateral, or the sale or transfer of property or assets, which may include the Collateral, in each case pursuant to a Qualified Receivables Financing as defined in "*Description of the Notes—Certain Definitions—Qualified Receivables Financing*";

- to the extent permitted in accordance with the covenant described under the caption "*Description of the Notes—Certain Covenants—Impairment of Security Interest*";

- in connection with certain Public Offerings of capital stock of the Issuer or certain Permitted Reorganizations, each as defined in "*Description of the Notes—Certain Definitions*";

- if the lien granted in favor of the Revolving Credit Facility or such other debt that gave rise to the obligation to grant the lien over such Collateral is released, subject to the applicable conditions and limitations of the applicable provisions of the Indenture; and

- as otherwise permitted in accordance with the Indenture.

Furthermore, even though the holders of the Notes will share the Collateral securing the Notes with the creditors under the Revolving Credit Facility Agreement and counterparties to certain cash management obligations and certain hedging obligations to the extent such obligations are incurred in the future, such creditors and counterparties will receive the proceeds of the enforcement of the Collateral in priority to the holders of the Notes and, under certain circumstances, the creditors under the Revolving Credit Facility Agreement and such counterparties to certain cash management obligations and certain hedging arrangements will control enforcement actions with respect to the Collateral through the Security Agent, whether or not the holders of the Notes agree with those actions. See "*—Holders of the Notes will not control certain decisions regarding the Collateral and other distressed disposals*" and "*Description of the Notes—Security—Enforcement of Security Interests*."

In addition, the security interests will be subject to release upon a distressed disposal as contemplated under the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement" and "Description of the Notes*."

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

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

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

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

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

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

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

Furthermore, under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests created under the security documents entered into to secure the Issuer's obligations under the Notes could be subject to potential challenges by an insolvency administrator or by other creditors of the Issuer under the rules of avoidance or claw back of Italian insolvency laws and the applicable 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 is 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 Limitations on Validity and Enforceability of the Collateral and Certain Insolvency Law Considerations.*"

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

The Notes will not be registered under, and we are not obliged to register the Notes under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "*Transfer Restrictions*." We have not agreed or otherwise undertaken to register the Notes, and do not have any intention to do so.

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 the Notes are 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 the Notes. The common depository (or its nominee) for Euroclear and Clearstream will be the sole registered holder of the global notes. Payments of principal, interest and other amounts owing on or in respect of the relevant global notes representing the Notes will be made to The Bank of New York Mellon, London Branch, as Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest in the Notes, you must rely on the procedures of Euroclear and Clearstream and if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations as 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 on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until the applicable 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. We 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.

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

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, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has 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 may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

Although an application will be made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market and listed on the Vienna Stock Exchange, we cannot assure you that the Notes will become or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Euro MTF Market, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes, as applicable, from the Luxembourg Stock Exchange or the Vienna Stock Exchange may have a material effect on a holder's ability to resell the Notes, as applicable, in the secondary market.

In addition, the Indenture will allow us to issue additional notes in the future which could adversely impact the liquidity of the Notes.

The Notes will bear interest, and drawings under the Revolving Credit Facility bear interest, at floating rates that could rise significantly, increasing our costs and reducing our cash flow.

The Notes will bear interest, and drawings under the Revolving Credit Facility bear interest, at floating rates of interest per annum equal to EURIBOR (or in relation to advances in USD or pound sterling, LIBOR) as adjusted periodically, plus a spread. We may also enter into additional indebtedness bearing floating rates of interest in the future, including by issuing additional Notes. EURIBOR, LIBOR and any other floating rate index applicable to such indebtedness could rise significantly in the future. Although we may enter into certain hedging arrangements designed to fix a portion of these rates, we are not required to do so and there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms or, if available, will be successful in mitigating the risks relating to increasing interest rates. To the extent that interest rates or any drawings under floating rate debt instruments were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow.

Following allegations of manipulation of LIBOR, a measure of interbank lending rates, 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 July 27, 2017, the U.K. Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and on March 5, 2021 it further confirmed that it intends to cease providing all LIBOR settings for all currencies, subject to any rights that it has to compel continuation of such publication (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential 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 EURIBOR or LIBOR 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. 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 a material adverse impact on our ability to service debt that bears interest at floating rates of interest, including the Notes.

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

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

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

The Indenture will contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in "*Description of the Notes—Meeting of Holders of Notes,*" the majority required to pass an extraordinary resolution at any meeting of holders of the Notes will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes. These provisions permit defined majorities (50% or 75%), depending on the nature of the resolution, to bind all holders of the Notes, including holders of the Notes who did not attend and vote at the relevant meeting, and holders of the Notes who voted in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to reduce the principal or extend the stated maturity of the Notes, to change the currency of payments under the Notes, to change the quorum requirements relating to meetings, to change the majority required to pass a resolution, and/or to change the amendment provisions. These and other changes may adversely impact rights of holders of Notes and may have a material adverse effect on the market value of the Notes. Under Italian law, the approval of an extraordinary resolution typically requires the consent of more than one half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and others, and if challenged, may not be upheld by an Italian court, with the consequence being that the majority voting threshold may be reduced from 75% to 50%.

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

The Notes will be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. Notes are to be considered to be issued with OID if the stated principal amount of the Notes exceeds the issue price of the Notes (as determined for U.S. federal income tax purposes) by an amount equal to or more than a statutorily defined *de minimis* amount. In such event, investors in the Notes subject to U.S. federal income taxation generally will be required to include such OID in their gross income (as ordinary income) on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, such investors generally will include any OID in income in advance of the receipt of cash attributable to such income. See "*Taxation—Certain U.S. Federal Income Tax Considerations—Original Issue Discount*."

The Notes will be issued with issue discount for Italian income tax purposes.

The Notes will be issued with an issue discount for Italian income tax purposes. Notes are considered to be issued with an issue discount if the stated principal amount of the Notes exceeds the issue price of the Notes. Investors in the Notes that are subject to income taxation in Italy in respect of the issue discount may suffer the Italian *imposta sostitutiva* under Decree No. 239 on such issue discount or may be required to include the issue discount in their taxable income (as described under "*Taxation—Certain Italian Tax Considerations*") in advance of the receipt of cash attributable to such income. See "*Taxation—Certain Italian Tax Considerations*."

Upon an IPO Debt Pushdown, U.S. Holders may have U.S. federal income tax consequences.

Upon certain circumstances, we may undertake an IPO Debt Pushdown (as defined in "*Description of the Notes*"). An IPO Debt 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 Debt Pushdown, and may have tax consequences for U.S. Holders (as defined in "*Taxation—Certain U.S. Federal Income Tax Consequences*"), including recognition of gain or loss on such deemed exchange. See "*Taxation—Certain U.S. Federal Income Tax Consequences—Effect of the IPO Debt Pushdown Provisions*."

Risks Related to Our Structure

The interests of our shareholders may conflict with the interests of the holders of Notes.

The interests of our shareholders may, in certain circumstances, conflict with your interests as a holder of Notes. Permira Funds and its affiliates control Midco and the Issuer and its subsidiaries. As a result, Permira Funds and its affiliates have the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve other changes to our operations and to influence the outcome of matters requiring action by our shareholders. Our shareholders may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, will enhance their equity investments, although such transactions might involve risks to you as a holder of Notes. For example, our shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets or pay dividends, in each case so long as the Indenture so permits. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate sales, each of which could adversely affect you as a holder of Notes. In addition, our shareholders may, in the future, own businesses that directly compete with ours or that do business with us.

Your 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 thus retain its priority if certain actions are undertaken by the secured party and/or the grantor of the security interest, as applicable. The security interests in the Collateral may not be perfected with respect to the claims of the Notes if we or the Security Agent fail or are unable to take the actions required to perfect the security interest. Such failure may result in the invalidity of the relevant security interest in the Collateral or adversely affect the priority of such security interest in favor of third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. For the avoidance of doubt, the Security Agent shall not be responsible for the perfection of any security.

The Trustee and Security Agent will not monitor, and we may not comply with our obligations to inform the Trustee or the Security Agent of, any future acquisition of property and rights by us, and the necessary action may not be taken to properly perfect the security interest in such after-acquired property or rights. Such failure may result in the invalidity of the relevant security interest in the 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.

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

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

Midco and the Issuer are incorporated and organized under the laws of Italy. Enforcement of the obligations under any Collateral provided by any security grantor will be subject to certain defenses available to the Issuer or the security provider, as the case may be. These laws and defenses may include those that relate to fraudulent conveyance or transfer, financial assistance, corporate benefit, capital maintenance, preservation of share capital, liquidity maintenance, voidable preferences, thin capitalization or similar laws as well as regulations or defenses affecting the rights of creditors generally, by limiting the amounts recoverable under the Collateral, and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed or secured by a particular security provider under the applicable laws of each jurisdiction, to the extent that the granting of such Collateral is not in the relevant security provider's corporate interests, or the burden of such Collateral exceeds the benefit to the relevant security provider, or such Collateral would be in breach of capital maintenance, financial assistance, liquidity maintenance or thin capitalization rules or any other general statutory laws and/or would cause the directors of such subsidiary guarantor or security provider to contravene their fiduciary duties and incur civil or criminal liability. An increase in the amount of debt that benefits from such Collateral without a corresponding increase in the amount of the Collateral will dilute the value of such Note Guarantee to its beneficiaries, including the holders of the Notes. See "*Certain Limitations on Validity and Enforceability of the Collateral and Certain Insolvency Law Considerations*."

Enforcement of the Collateral across multiple jurisdictions may be difficult.

The Collateral will be governed by the laws of Italy and any other jurisdiction whose laws may apply to any future Collateral. In the event of bankruptcy, insolvency or other similar event, proceedings could be initiated in any of these jurisdictions. The rights under the Collateral will thus be subject to the laws of the applicable jurisdiction, and it may be difficult to effectively enforce such rights across multiple bankruptcy proceedings, insolvency proceedings and other similar proceedings.

The insolvency, administration and other laws of the jurisdiction of organization of the Issuer 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 security documents in these jurisdictions or limit any amounts that you may receive. See "*Certain Limitations on Validity and Enforceability of the Collateral and Certain Insolvency Law Considerations.*"

Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect the ability to enforce the security and to realize any recovery under the Notes. A summary description of certain aspects of the insolvency laws of Italy is set out in *"Certain Limitations on the Validity and Enforceability of the Security Interests and Insolvency Law Considerations*."

The insolvency laws of Italy 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; other limitations on the security interests in the Collateral, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

The insolvency laws of foreign jurisdictions, including Italy, may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar. In the event that any one or more of Midco or the Issuer or 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.

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

Although laws differ across jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of the Notes against the Issuer, the enforceability of 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 if the company is close to or near insolvency. The following discussion of fraudulent transfer, conveyance and insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdiction's fraudulent transfer and insolvency statutes.

In an insolvency proceeding, it is possible that creditors of a grantor of security or the appointed insolvency administrator may challenge 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 the security interests provided by a security grantor;
- direct that the Issuer and the holders of the Notes return any amounts paid under any security interest on the Collateral to the relevant security provider or to a fund for the benefit of the security provider's creditors; and
- take other action that is detrimental to you.

If we cannot satisfy our obligations under the Notes 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 security provider under the security interests will be limited to the amount that will result in such security interests not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside.

The amount recoverable from the 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 security interest may be set aside, in which case the entire liability may be extinguished. See also "*—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Collateral may adversely affect the validity and enforceability of the Collateral.*"

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

- 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;
- created such security interest in a situation where a prudent business person as a shareholder of such security provider would have contributed equity to such security provider or where the relevant beneficiary of the security interest knew or should have known that the 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 security interest on the basis that the security interest were incurred for our benefit, and only indirectly the security provider's benefit, or on some other basis and (i) was insolvent or rendered insolvent by reason of the issuance of 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 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 security interest was entered into within a certain time period prior to the opening date of insolvency proceedings of the security 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 security provider generally may, in different jurisdictions, be considered insolvent at the time it created any security interest if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; or

- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

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

Under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests granted to secure the Notes could be subject to potential challenges by an insolvency administrator or by other creditors under the rules of avoidance or clawback of Italian Bankruptcy Law (as defined herein) and the applicable law on the non-insolvency avoidance or clawback of transactions made by the debtor during the suspect period. The avoidance may relate to (i) transactions made by the debtor within a suspect period of one year prior to a declaration of insolvency at below market value (i.e., to the extent the asset or obligation given or undertaken exceeds by one-quarter the value of the consideration received by the debtor), or involving unusual means of payment (for example, payment-in-kind) or security taken after the creation of the secured obligations, in which case the creditor must prove its lack of knowledge of the state of insolvency of the relevant entity in order to rebut any clawback action, (ii) security granted in order to secure a debt due and payable, in which case the creditor must prove its lack of knowledge of the state of insolvency of the relevant entity in order to rebut any clawback action during the suspect period of six months prior to the declaration of insolvency, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to a declaration of insolvency, in which case the bankruptcy receiver must prove that the creditor was aware of the state of insolvency of the relevant entity in order to enforce any clawback action. See "*Certain Limitations on Validity and Enforceability of the Collateral and Certain Insolvency Law Considerations*" for further information.

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

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

For an overview of certain insolvency laws and enforceability issues as they relate to the Note Guarantees and security interests, see "*Certain Limitations on Validity and Enforceability of the Collateral and Certain Insolvency Law Considerations.*"

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture.

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

In certain circumstances, a Change of Control Offer will not be required to be made.

The change of control provisions contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. Except as described under "*Description of the Notes—Change of Control*," the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" in the Indenture will include 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," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Issuer's assets and their restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

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

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

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

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

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

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

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

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

We are subject to taxation in, and to the tax laws and regulations of Italy. We are also subject transfer pricing regulations, in respect to transactions between companies belonging to the Group. Adverse developments in these laws or regulations, or any change in position or interpretation by the relevant Italian tax authority regarding the application, administration or interpretation of these laws or regulations, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. In addition, the tax authorities in Italy may disagree with the positions we have taken or intend to take regarding the tax, including withholding tax, treatment or characterization of our past, current and future indebtedness, including the Notes, and future intercompany loans and guarantees or the deduction of interest expenses. We could also fail, whether inadvertently or through reasons beyond our control, to comply with tax laws and regulations relating to the tax treatment of our various financing arrangements, which could result in unfavorable tax treatment for such arrangements. If the Italian tax authorities were to successfully challenge the tax, including withholding tax, treatment or characterization of any of our transactions, it could result in higher taxes to be paid and the application of significant penalties and interest that could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

For example, the current tax legislation in Italy (Article 96 of Presidential Decree No. 917 of December 22, 1986, as amended and restated, "**Article 96**") sets forth limitations to interest deductibility for corporate income tax purposes. Article 96 allows for the full deductibility of interest expenses incurred by a company in a given tax year only up to the amount of the interest income of the same tax year plus interest income carried forward from previous tax years. Any excess of interest income of a given tax year can be carried forward without limitation. Interest expenses in excess of interest income (of the relevant tax year and of the previous ones) are deductible for corporate income tax purposes up to a threshold that is 30% of the EBITDA of an Italian tax resident company (i.e., *risultato operativo lordo della gestione caratteristica*, "**ROL**") as recorded in such company's profit and loss account and adjusted according to domestic corporate income tax rules (the "**Excess**"). The unused ROL is carried forward, increasing the amount of yearly ROL, for the subsequent five tax years. The Excess can be carried forward to the subsequent tax years and deducted accordingly, *provided*, and to the extent, that, in such tax years, the amount of yearly interest expenses that exceed interest income is lower than 30% of the available ROL (including the ROL carried forward from previous tax years). In the case of a tax group, interest expenses not deducted by a participant in the tax group due to lack of ROL can be deducted at the tax group level, within the limit of the excess of ROL of the other participants in the tax group. Article 96 provides special rules for certain entities active in the insurance and finance sector.

In addition to the above limitations to interest deductibility, there can be no assurance that, in the case of a tax audit, the 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 existing indebtedness, when the terms and conditions of the refinancing transaction appear less favorable than the ones of the previous financing transaction.

Further challenges on interest deductibility can be raised by the Italian tax authorities on the grounds that the Acquisition takes place as a partial reinvestment of some of the Sellers.

(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 or changes to the tax treatment of interest expenses arising from any indebtedness, including the Notes, (ii) any failure to satisfy the applicable legal requirements relating to the deductibility of interest expenses or (iii) any change in the interpretation and application by Italian tax authorities of Italian tax law may result in our inability to fully deduct our interest expenses, which may have an adverse impact on our financial condition.

If the Italian tax authorities were to successfully challenge the use of proceeds from the Offering to carry out the Refinancing under the "business purpose" principle or the "abuse of law" provisions, we or another entity of the Group may be unable to fully deduct interest expenses or be subject to significant penalties and interest for late payment of taxes or other consequences that could have a material adverse effect on our financial conditions and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

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

The Issuer is organized under the laws of Italy and an Italian resident for tax purposes and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. All payments 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 such event, subject to a number of exceptions, we will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required.

The Issuer will not be liable to pay any additional amounts in relation to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as amended or supplemented) ("**Decree No. 239**") and any related implementing regulations, and pursuant to Italian Legislative Decree No. 461 of November 21, 1997 (as amended or supplemented) ("**Decree No. 461**") and any related implementing regulations, except, the case of Decree No. 239 or Decree No. 461, where the procedures required under Decree No. 239 or Decree No. 461 in order to benefit from an exemption have not been complied with due solely to the actions and omission of the Issuer or its agents. In such circumstances, where no additional amount are due, 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 "*Tax Considerations—Certain Italian Tax Considerations*."

Although we believe that, under current law, *imposta sostitutiva* will not be imposed under Decree No. 239 or Decree No. 461 where the Notes are listed on a regulated market or multilateral trading facility upon issuance and a holder of Notes is resident for tax purposes in a country or territory which allows for a satisfactory exchange of information with the Italian tax authorities as contained in the White List and such holder complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree No. 239 or Decree No. 461 after the date hereof, including any change in the White List. See "*Description of the Notes—Withholding Taxes.*"

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

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 Notes (or, if the holders are institutional investors not subject to tax, even if they are not the beneficial owners of the Notes) and are resident in countries included in the White List—applies if certain procedural requirements are met. No assurance can be given that all non-Italian resident investors will be eligible for the withholding tax exemption if the relevant foreign intermediary fails to provide sufficient information to the relevant Italian tax authorities in accordance with the procedural requirements. Should the procedural requirements not be met, Italian withholding tax may apply on the payments made on the Notes to foreign investors resident in countries included in the White List. In such event, the Issuer will not be required to pay any additional amounts with respect to such withholding tax, unless such procedural requirements have not been complied with due solely to the actions or omissions of the Issuer or its agents.

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

Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange by the Issue Date and to admit the Notes to trading on the Euro MTF Market in accordance with the rules and regulations of that exchange as soon as reasonably practicable from the Issue Date. In addition, application will be made to list the Notes on the Vienna Stock Exchange from the Issue Date. The Issuer cannot assure you that the Notes will become listed or, once listed, that such listing will be maintained. If the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange or on the Vienna Stock Exchange, and the Issuer can no longer maintain such listing or if it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Luxembourg Stock Exchange; while it will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on another "recognized stock exchange," there can be no assurance that the Issuer will be able to do so. In addition, no assurance is made as to the liquidity of the Notes as a result of listing the Notes on the Official List of the Luxembourg Stock Exchange or another recognized stock exchange in accordance with the Indenture; however, a failure to obtain approval for the listing or delisting of the Notes from the Official List of the Luxembourg Stock Exchange or another recognized stock exchange may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

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

No assurance can be given that the Notes will be listed or that, once listed, the listing will be maintained or that such listing will satisfy the listing requirement of Italian Legislative Decree No. 239 of April 1, 1996 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to the exemption from the requirement to apply withholding tax.

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

USE OF PROCEEDS

The aggregate gross proceeds of the Offering, taking into account original issue discount, will be €470.4 million. On or about the Issue Date, we will use the proceeds from the Offering, together with cash on balance sheet, to (i) repay and cancel the Bridge Facility (the "**Refinancing**") and (ii) pay fees and expenses in connection with the Offering and the Refinancing.

The sources and uses of proceeds received from the Offering are shown in the table below. The actual amounts set forth in the table and in the accompanying footnotes are subject to adjustment and may differ at the time of the Offering, depending on several factors, including differences in our estimate of fees and exchange rate fluctuations.

Sources	in € million	Uses	in € million
Notes offered hereby[(1)]	€470.4	Refinancing[(2)]	€470.0
Cash on balance sheet.............	€8.2	Fees and expenses[(3)]	€8.6
Total sources	**€478.6**	**Total uses**	**€478.6**

(1) Represents the gross proceeds of the offering of €480.0 million in aggregate principal amount of Notes, taking into account original issue discount.

(2) On or about the Issue Date, we will use the proceeds of the Offering to repay and cancel the Bridge Facility.

(3) Represents estimated fees and expenses of the Offering and the Refinancing, including underwriting fees and commissions, other transaction costs and professional fees.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and the capitalization as of December 31, 2020 of the Group on a historical consolidated basis and as adjusted on a *pro forma* basis to give effect to the Offering and the Refinancing.

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 Audited Consolidated Financial Statements included elsewhere in this Offering Memorandum. Except as set forth below, there have been no other material changes to our capitalization since December 31, 2020.

	As of December 31, 2020	
	Historical	**As Adjusted[(1)]**
	in € million	
Cash and cash equivalents	**78.3**	**70.1**
Bridge Facility[(2)]	470.0	—
Revolving Credit Facility[(3)]	25.0	25.0
Notes offered hereby	—	480.0
Total senior secured indebtedness	**495.0**	**505.0**
Lease liabilities[(4)]	98.7	98.7
Total indebtedness[(5)]	**593.7**	**603.7**
Total shareholders' equity	843.6	843.6
Total capitalization	**1,437.3**	**1,447.3**

(1) As adjusted to give *pro forma* effect to the Offering and the Refinancing as if they had occurred on December 31, 2020. See "*Use of Proceeds*."

(2) Represents amounts drawn under the Bridge Facility, excluding the unamortized portion of issuance costs and accrued interest (amounting to (€11.2) million). On or about the Issue Date, we will use the proceeds of the Offering to repay and cancel the Bridge Facility.

(3) Represents drawn amounts under the €75 million senior secured Revolving Credit Facility established under the Revolving Credit Facility Agreement excluding accrued interest (amounting to €1.1 million). See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*." In June 2020, we took the precautionary step of drawing down funds totaling €75.0 million under the Revolving Credit Facility to preserve financial flexibility. We did not utilize any portion of such drawings and repaid €50.0 million in December 2020.

(4) Represents €98.7 million of lease liabilities recorded in accordance with IFRS 16.

(5) Does not include trade payables and amounts under (i) certain reverse factoring financial liabilities (amounting to €13.2 million) in connection with payables owed to certain of our key suppliers, through which we are able to extend the payment terms of trade payables; (ii) certain business combination liabilities (amounting to € 3.5 million) relating to final purchase price adjustments in connection with the Acquisition; and (iii) the unamortized portion of Bridge Facility issuance costs and accrued interest on the Bridge Facility and Revolving Credit Facility.

UNAUDITED *PRO FORMA* CONSOLIDATED FINANCIAL INFORMATION

We present unaudited pro forma consolidated financial information for the year ended December 31, 2020, adjusted to give pro forma effect to the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition. We have not given pro forma effect in this unaudited pro forma consolidated financial information to the Offering and the Refinancing. The unaudited pro forma consolidated financial information for the year ended December 31, 2020 is based on the assumptions and subject to the qualifications and adjustments as described in the notes herein.

Introduction

This section presents the unaudited pro forma consolidated income statement for the year ended December 31, 2020 of the Issuer and the related explanatory notes (the "**Unaudited *Pro Forma* Consolidated Financial Information**").

The Unaudited *Pro Forma* Consolidated Financial Information has been prepared by the Issuer to give retroactive effect to the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, as if it had occurred on January 1, 2020 and has been derived from the 2020 H1 Audited Consolidated Financial Statements and the 2020 H2 Audited Consolidated Financial Statements, each prepared in accordance with IFRS, and certain assumptions and applicable adjustments that we believe are reasonable to give full-year effect to the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, as described in the notes herein. In particular, we have (i) assumed that the financing and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition had occurred on January 1, 2020, and have calculated the interest expense for the financial year accordingly; and (ii) backdated the amortization of intangible assets resulting from the preliminary purchase price allocation ("**PPA**") related to the Acquisition.

On June 16, 2020, Astrum 3 S.p.A. acquired control of the Group by acquiring 100% of the share capital of Sneakers Maker, S.p.A., both of which were subsequently merged into Golden Goose S.p.A. on August 5, 2020 upon completion of the Reverse Merger. As a consequence of the Acquisition and in accordance with IFRS, our 2020 H2 Audited Consolidated Financial Statements only reflect our results of operations for the six-month period ended December 31, 2020, subsequent to the completion of the Acquisition and the Reverse Merger.

For accounting purposes, in accordance with IFRS 3, the convenience date of completion of the acquisition has been designated as June 30, 2020, having assessed that events between the "convenience" date and the actual acquisition date do not result in material changes in amounts recognized.

The Acquisition and the Reverse Merger were both completed before December 31, 2020 and reflected in the consolidated statement of financial position included in the 2020 H2 Audited Consolidated Financial Statements, therefore, no pro forma consolidated statement of financial position has been prepared.

The purpose of preparing the Unaudited *Pro Forma* Consolidated Financial Information is to simulate, using accounting principles that are consistent with those used in relation to the preparation of Golden Goose's historical consolidated financial statements, the primary effects of the Acquisition and the Reverse Merger on the consolidated results of operations of the Issuer, assuming that the Acquisition had occurred on January 1, 2020.

The Unaudited *Pro Forma* Consolidated Financial Information addresses a hypothetical situation and, therefore, does not represent the actual results of operations of the Group.

The Unaudited *Pro Forma* Consolidated Financial Information is for informational purposes only and does not purport to represent or to be indicative of the consolidated results of operations that the Group would have reported had the Acquisition been completed as of the date presented. Such unaudited *pro forma* financial data has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Exchange Act, the Prospectus Regulation or any generally accepted accounting principles and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards. Any reliance you place on this information should fully take this into consideration. See "*Risk Factors—Risks Related to Our Business and Industry—Certain pro forma financial and other information included herein needs to be carefully considered*."

As mentioned above, the Unaudited *Pro Forma* Consolidated Financial Information represents a simulation, for illustrative purposes only, of the potential primary effects attributable the Acquisition and addresses a hypothetical situation. In particular, as *pro forma* information is prepared to retrospectively illustrate the effects of transactions that will occur subsequently using generally accepted regulations and reasonable assumptions, there are limitations inherent to the nature of *pro forma* information; hence, had the Acquisition taken place on the date assumed above, the actual effects would not necessarily have been the same as those presented in the Unaudited *Pro Forma* Consolidated Financial Information.

The unaudited *pro forma* financial data, therefore, does not purport to represent what our actual results of operations for the year ended December 31, 2020 would have been if the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, had occurred on January 1, 2020. If the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, had occurred on January 1, 2020, our results of operations for the year ended December 31, 2020 could have deviated, even materially, from those described in the Unaudited *Pro Forma* Consolidated Financial Information . Finally, it should be noted that the Unaudited *Pro Forma* Consolidated Financial Information does not attempt to predict or estimate the future results of the Group and should not be used for this purpose. Moreover, the Unaudited *Pro Forma* Consolidated Financial Information does not include all information required for financial statements under IFRS and should be read in conjunction with the 2020 H2 Audited Consolidated Financial Statements and the 2020 H1 Audited Consolidated Financial Statements, including the notes related thereto, included elsewhere in this Offering Memorandum.

Description of the Acquisition

On June 16, 2020, Astrum 3 S.p.A. acquired the entire issued share capital of Sneakers Maker S.p.A. and, indirectly, its subsidiaries, including Golden Goose S.p.A.

In connection with the Acquisition, we entered into the Bridge Facility Agreement, which provided for term borrowings of €470.0 million and a revolving credit facility agreement which provided for aggregate multi-currency borrowings of up to €75.0 million.

The amounts drawn under the Bridge Facility and the Revolving Credit Facility were used, together with shareholder contributions, to (i) pay the purchase price for the Acquisition, (ii) repay in full and cancel the existing indebtedness of the Issuer, (iii) pay fees and expenses in connection with the Acquisition, and (iv) fund cash to the Issuer for general corporate purposes.

On August 5, 2020, in accordance with applicable Italian laws, we merged Astrum 3 S.p.A. and Sneakers Maker S.p.A. into Golden Goose S.p.A.

Unaudited Pro Forma Consolidated Financial Information

Unaudited 2020 Pro Forma Income Statement

This section presents the unaudited *pro forma* consolidated income statement for the year ended December 31, 2020 and the related explanatory notes. The following table sets forth the *pro forma* adjustments made in order to present the primary potential effects of the Acquisition on the consolidated income statement of the Group for the year ended December 31, 2020.

	Historical		Pro Forma adjustments		Pro Forma
	For the six-month period ended December 31, 2020	For the six-month period ended June 30, 2020	PPA (customer relationship amortization)	Funding of the Acquisition	For the twelve months ended December 31, 2020
	Note A	Note B	Note C1	Note C2	Note D
			(€ millions)		
Net turnover	**156.3**	**109.6**	**—**	**—**	**265.9**
Cost of goods sold	(59.8)	(39.8)	—	—	(99.6)
Net margin	**96.5**	**69.8**	**—**	**—**	**166.3**
Selling and distribution expenses	(39.4)	(29.0)	—	—	(68.4)
General and administration expenses	(56.5)	(15.3)	(6.1)	—	(77.9)
Marketing and advertising	(5.9)	(2.8)		—	(8.7)

Operating result (EBIT)...........	**(5.3)**	**22.7**	**(6.1)**	**—**	**11.3**
Financial income	2.5	1.7	—	—	4.2
Financial expenses	(25.9)	(14.3)	—	(6.7)	(46.9)
Profit before tax	**(28.7)**	**10.1**	**(6.1)**	**(6.7)**	**(31.4)**
Income taxes.......	3.9	(4.5)	1.7	1.6	2.7
Net result..........	**(24.8)**	**5.6**	**(4.4)**	**(5.1)**	**(28.7)**
Minority result..	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Group net result	**(24.8)**	**5.6**	**(4.4)**	**(5.1)**	**(28.7)**

Notes to the Unaudited Pro Forma Consolidated Financial Information

Basis of preparation

The Unaudited *Pro Forma* Consolidated Financial Information is prepared on the basis of the historical consolidated financial statements of Golden Goose, adjusted to reflect the effects of the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition.

The accounting policies adopted in preparing the Unaudited *Pro Forma* Consolidated Financial Information are the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union ("EU"). IFRS includes all International Financial Reporting Standards, International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee or "SIC"), adopted by the European Union.

Unless otherwise indicated, all amounts are expressed in millions of Euros.

Description of pro forma adjustments made in preparing the Unaudited Pro Forma Consolidated Financial Information

The following notes include a description of the criteria and *pro forma* adjustments made in the preparation of the Unaudited *Pro Forma* Consolidated Financial Information.

Unaudited 2020 Pro Forma Income Statement

Note A

This column includes the consolidated income statement of Golden Goose for the six-month period from July 1, 2020 (i.e. subsequent to the "convenience" completion date of the Acquisition) to December 31, 2020, and is derived from the 2020 H2 Audited Consolidated Financial Statements.

Note B

This column includes the consolidated income statement of Golden Goose for the six-month period from January 1, 2020 to June 30, 2020 (i.e. the "convenience" completion date of the Acquisition), and is derived from the 2020 H1 Audited Consolidated Financial Statements.

Note C—Pro Forma Adjustments

These columns represent the *pro forma* adjustments made in order to reflect the Acquisition for the year ended December 31, 2020.

Note C1—Column "PPA (customer relationship amortization)"

Represents the *pro forma* adjustment related to the amortization of the "customer relationship" asset recognized as result of the preliminary purchase price allocation, calculated on the basis of the preliminary estimate of the fair value adjustment taking into account the remaining useful life of 15 years.

The amortization expense of €6.1 million, gross of a positive tax effect of €1.7 million, has been calculated as follows:

(millions of €, unless otherwise indicated)	
Fair value of "Customer Relationships" PPA 2020	182.1
Estimated useful life (in years)	15
Amortization of "Customer Relationships" for the six-month period (January 1–June 30)	6.1
Tax effect at the applicable tax rate of (27.9%)	(1.7)
Impact on "Net result" for the period	(4.4)

Note C2—Column "Funding of the Acquisition"

Represents the *pro forma* adjustment related to the interest expenses for the financial year assuming that the financing and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition had occurred on January 1, 2020, calculating the interest expense for the financial year accordingly. The interest expense amounted to €6.7 million, gross of a positive tax effect of €1.6 million (determined using the applicable tax rate of 24.0%). Such *pro forma* adjustments to interest expenses mainly comprise:

- the elimination of interest expenses accrued on financing loans repaid during the period; and
- interest expenses on the €470.0 million Bridge Facility, calculated applying the effective interest rate of 6.42% on the applicable net amount of €455.0 million, and on the Revolving Credit Facility.

Note D

This amounts in this column comprise the sums of columns (A) through (C2).

Other Pro Forma Information

Pro Forma EBITDA

The following table sets forth *Pro Forma* EBITDA of the Group for the twelve months ended December 31, 2020:

	Historical		**Pro Forma adjustments**		**Pro Forma**
	For the six-month period ended December 31, 2020	**For the six-month period ended June 30, 2020**	**PPA (customer relationship amortization)**	**Funding of the Acquisition**	**For the twelve months ended December 31, 2020**
			(€ millions)		
Net result	**(24.8)**	**5.6**	**(4.4)**	**(5.1)**	**(28.7)**
Income taxes	(3.9)	4.5	(1.7)	(1.6)	(2.7)
Financial expenses	25.9	14.3	—	6.7	46.9
Financial income	(2.5)	(1.7)	—	—	(4.2)
EBIT	**(5.3)**	**22.7**	**(6.1)**	**—**	**11.3**
Depreciation/Amortization	38.5	13.4	6.1	—	58.0

EBITDA	**33.2**	**36.1**	**—**	**—**	**69.3**

Pro Forma Net Turnover

The following tables set forth *Pro Forma* Net Turnover by product type, by categories, by distribution channels and by geography, of the Golden Goose Group for the twelve months ended December 31, 2020:

Pro Forma Net Turnover by product type

	Historical			**Pro Forma**
	For the six-month period ended December 31, 2020	**For the six-month period ended June 30, 2020**	**Pro Forma adjustments**	**For the twelve months ended December 31, 2020**
		(€ millions)		
Sales of goods and raw materials	0.8	1.7	—	2.5
Product sales	154.5	107.5	—	262.0
Revenue adjustments	1.0	0.4	—	1.4
Total Net turnover	**156.3**	**109.6**	**—**	**265.9**

Pro Forma Net Turnover by distribution channel

	Historical			**Pro Forma**
	For the six-month period ended December 31, 2020	**For the six-month period ended June 30, 2020**	**Pro Forma adjustments**	**For the twelve months ended December 31, 2020**
		(€ millions)		
Wholesale	88.2	52.9	—	141.1
Retail	49.4	41.9	—	91.3
Web	17.9	12.9	—	30.8
Other	0.8	1.9	—	2.7
Total	**156.3**	**109.6**	**—**	**265.9**

Pro Forma Net Turnover by geography

	Historical			**Pro Forma**
	For the six-month period ended December 31, 2020	**For the six-month period ended June 30, 2020**	**Pro Forma adjustments**	**For the twelve months ended December 31, 2020**
		(€ millions)		
Italy	18.0	18.2	—	36.2
Emea	41.1	29.2	—	70.3
USA	59.6	26.1	—	85.7
Apac	36.8	34.2	—	71.0
Other	0.8	1.9	—	2.7
Total Net Turnover	**156.3**	**109.6**	**—**	**265.9**

SELECTED GROUP CONSOLIDATED FINANCIAL INFORMATION

The following tables present the summary historical consolidated financial information and operating data of the Issuer. The Audited Consolidated Financial Statements were prepared in accordance with IFRS and were audited by EY S.p.A. The summary historical consolidated financial information in the tables below is derived from the Audited Consolidated Financial Statements except that (i) the unaudited pro forma consolidated income statement information for the year ended December 31, 2020 is unaudited and is derived from the Unaudited 2020 Pro Forma Income Statement and (ii) the combined historical consolidated statement of cash flows for the year ended December 31, 2020 is unaudited and is derived from the Unaudited 2020 Combined Cash Flow Statement. The following tables should be read in conjunction with the Audited Consolidated Financial Statements which are reproduced elsewhere in this Offering Memorandum and the sections entitled "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Consolidated Financial Information of the Group

Consolidated Profit and Loss

	For the year ended		For the six months ended		For the year ended
	December 31, 2018	December 31, 2019	June 30, 2020	December 31, 2020	December 31, 2020[(1)] (pro forma)
	(€ millions)				
Net turnover	**187.0**	**263.4**	**109.6**	**156.3**	**265.9**
Cost of goods sold	(84.1)	(103.4)	(39.8)	(59.8)	(99.6)
Net margin	**102.8**	**160.0**	**69.8**	**96.5**	**166.3**
Selling and distribution expenses	(35.7)	(49.7)	(29.0)	(39.4)	(68.4)
General and administration expenses	(15.6)	(31.1)	(15.3)	(56.5)	(77.9)
Marketing and advertising	(8.4)	(7.6)	(2.8)	(5.9)	(8.7)
Operating result (EBIT)	**43.0**	**71.7**	**22.7**	**(5.3)**	**11.3**
Financial income	1.7	1.7	1.7	2.5	4.2
Financial expenses	(10.7)	(29.2)	(14.3)	(25.9)	(46.9)
Profit before tax	**34.0**	**44.2**	**10.1**	**(28.7)**	**(31.4)**
Income taxes	(6.3)	(8.7)	(4.5)	3.9	2.7
Net result	**27.7**	**35.5**	**5.6**	**(24.8)**	**(28.7)**

(1) For further information on the Unaudited 2020 *Pro Forma* Income Statement, see "*Presentation of Financial and Other Information—Unaudited Pro Forma Consolidated Financial Information—Unaudited 2020 Pro Forma Income Statement.*"

Summary Group Consolidated Statement of Financial Position

	As of December 31,		
	2018	2019	2020
	(€ millions)		
ASSETS			
Intangible assets	462.8	469.8	1,441.6
Tangible assets	16.9	29.2	37.1
Right of use	56.2	80.1	94.2
Deferred tax asset	7.2	12.4	16.6
Non-current financial assets	1.1	1.9	0.7
Other non-current assets	2.2	4.3	5.3
Non-current assets	**546.5**	**597.8**	**1,595.5**
Inventories	30.1	45.4	53.3
Accounts receivable	32.3	36.5	33.7
Current Tax assets	4.7	5.7	0.1
Other current non-financial assets	2.5	5.9	9.4
Current financial assets	0.0	1.3	5.8
Cash and cash equivalents	17.6	27.2	78.3
Current Assets	**87.2**	**122.0**	**180.6**

Total Assets	**633.7**	**719.8**	**1,776.1**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	1.0	1.0	1.0
Share premium	301.3	182.6	182.6
Other reserves	8.6	32.4	684.8
Results for the year	27.7	35.6	(24.8)
Shareholders' equity	**338.6**	**251.7**	**843.6**
Minority equity	**—**	**(0.1)**	**(0.1)**
Total Equity	**338.6**	**251.5**	**843.6**
Provisions for severance indemnities	0.8	1.1	1.7
Deferred tax liabilities	58.6	58.7	246.2
Non-current provisions for risks and charges	0.5	0.3	0.3
Non-current financial debt	166.5	73.0	544.4
Other non-current debt	0.1	0.1	—
Non-current liabilities	**226.5**	**133.2**	**792.6**
Trade payables	43.4	55.0	64.3
Other current non-financial liabilities	6.0	11.4	13.0
Current Tax liabilities	0.9	13.2	0.8
Current provisions for risks and charges	2.0	2.0	6.1
Current financial liabilities	16.3	253.4	55.8
Current liabilities	**68.6**	**335.0**	**139.9**
Total liabilities and shareholders' equity	**633.7**	**719.8**	**1,776.1**

Summary Consolidated Cash Flow Statement

	For the year ended		For the six months ended		For the year ended December 31, 2020[(1)] (combined)
	December 31, 2018	December 31, 2019	June 30, 2020	December 31, 2020	
			(€ millions)		
Cash flow generated (absorbed) by operations	**34.8**	**71.8**	**22.1**	**27.3**	**49.4**
Cash flow generated (absorbed) by investment activities	**(15.5)**	**(30.5)**	**(11.5)**	**(1,007.7)**	**(1,019.2)**
Cash flow generated (absorbed) by financial activities	**(12.4)**	**(31.7)**	**72.2**	**1,058.6**	**1,130.8[(2)]**
Increase (decrease) of cash and cash equivalents	**6.9**	**9.7**	**82.8**	**78.2**	**—**
Cash and cash equivalents at the beginning of the period	10.7	17.6	27.2	0.1	—
Cash and cash equivalents at the end of the period	**17.6**	**27.2**	**110.0**	**78.3**	**—**

(1) The cash flow information for the year ended December 31, 2020 is unaudited and has been calculated by adding (i) the Issuer's audited consolidated statement of cash flows for the six months ended June 30, 2020 and (ii) the Issuer's audited consolidated statement of cash flows for the six months ended December 31, 2020. We have included this Unaudited 2020 Combined Cash Flow Statement for informational purposes only to facilitate comparisons between the periods under review presented in this section. The Unaudited 2020 Combined Cash Flow Statement has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Exchange Act, the Prospectus Regulation or any other generally accepted accounting principles and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards. See "*Presentation of Financial and Other Information*."

(2) As the Unaudited Combined Cash Flow Statement combines the cash flows of the Issuer prior to and after the Acquisition, combined cash flow generated (absorbed) by financial activities for the year ended December 31, 2020: (i) includes, also in the six-month period ended June 30, 2020, the effect of the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, which was completed before June 30, 2020 and is therefore reflected in the cash and cash equivalents held by Golden Goose S.p.A. as of June 30, 2020, which amounted to €110.0 million; and (ii) does not reflect the €0.1 million of cash and cash equivalents held by Astrum 3 S.p.A. at the beginning of the six months ended June 30, 2020.

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

The following discussion is based on our Audited Consolidated Financial Statements as of and for the six months ended December 31, 2020 and June 30, 2020 and the years ended December 31, 2019 and 2018 included elsewhere in this Offering Memorandum, all of which have been prepared in accordance with IFRS.

The discussion and analysis of our financial condition and results of operation should be read in conjunction with the sections entitled "Presentation of Financial and Other Information" and "Summary Consolidated Financial and Other Information" as well as with the Audited Consolidated Financial Statements, included elsewhere in this Offering Memorandum. The following discussion includes forward-looking statements which, although based on assumptions or estimates that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied herein. For a discussion of some of those risks and uncertainties, please refer to the sections entitled "Forward-Looking Statements" and "Risk Factors."

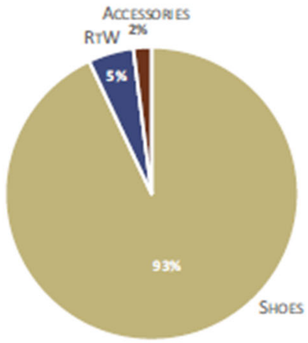
Except as the context otherwise indicates, when discussing historical results of operations in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Group," "we," "us," "our" and other similar terms are generally used to refer only to the business of Golden Goose S.p.A. and its subsidiaries.

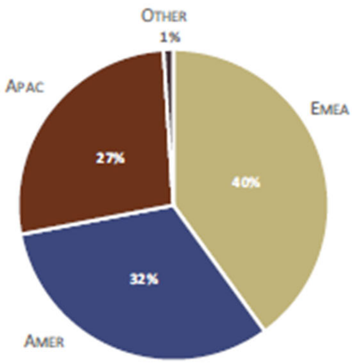
Overview

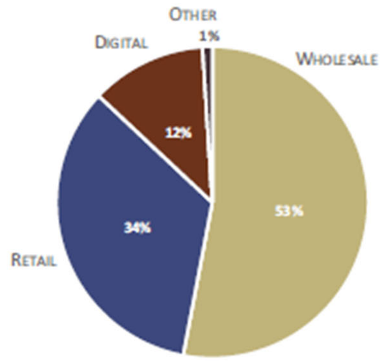
We are a global luxury fashion brand specialized in the sourcing, design and distribution of a "total look" product offering, primarily consisting of footwear and, in particular, sneakers, but also including ready-to-wear apparel as well as bags and other accessories. We believe that our distinctive and recognizable products, which include "distressed" and "vintage-feel" designs, have helped shape contemporary luxury fashion, with our products worn globally by, among others, celebrities, social media influencers and luxury product connoisseurs. In the early 2000s, we were a pioneer of both the "casualization" and "sneakerization" of the global personal luxury goods market with the creation of our signature made-in-Italy luxury sneakers, by which we helped popularize the concept of sneakers as a luxury good suitable for all occasions, whether at work or at leisure.

Founded in 2000, we have since grown to become a global luxury company, maintaining significant business operations across the Americas, EMEA (excluding Italy), Italy and APAC. For the year ended December 31, 2020, we generated €265.9 million of *Pro Forma* Net Turnover and €102.4 million of Run-Rate *Pro Forma* EBITDA, with 60% of our *Pro Forma* Net Turnover from outside of EMEA and Italy and 86% from outside of Italy, operating 126 directly-operated stores ("**DOS**") (including five duty-free stores, 14 shop-in-shop stores and eight outlets) globally. Complementing this strong physical retail network, we directly manage our own retail e-commerce channel via the Golden Goose e-boutique and proprietary Golden Goose Passport app, advanced online platforms which we believe can drive sales and enhance consumer engagement, communication and loyalty. We further maintain a selective global wholesale network, with over 900 partners worldwide across high-end multi-brand stores, departments stores and e-tailers, over which we exercise close control in terms of merchandising, branding and messaging to ensure alignment with our strategies and values. This network further complements our e-commerce presence due to our wholesalers' proprietary online capabilities.

The following charts set forth our *Pro Forma* Net Turnover for the year ended December 31, 2020 by product category, geography and distribution channel:







Note: EMEA including Italy.

We believe that, as a NextGen luxury company positioned between luxury sneakers specialists and luxury lifestyle brands, we enjoy cross-generational appeal (with customers typically between the ages of 26 and 55 years old) with our timeless design principles, while further appealing to NextGen consumers with our focus on a personalized and bespoke luxury product offering. We believe that the artisanal and hand-made nature of our products, together with our distinctive combination of high-quality materials and patina treatments, provides consumers with a distinctive experience. Notwithstanding our commitment to hand-made luxury, we sold 1.2 million pairs of shoes in 2020 (as compared to 1.2 million and 0.9 million in 2019 and 2018, respectively), which we believe demonstrated the scale, strength and resilience of our production and distribution capabilities.

In conjunction with our distinctive product offering, our comprehensive communication strategy and calibrated distribution network have helped create a brand platform that reflects the story of our company and attracts spontaneous interest and attention among our existing and potential consumers. Since we were founded, we believe that we have built strong consumer sentiment and become a "cult" brand.

Key Factors Affecting Results of Operations

Our results of operations have been, and may continue to be, affected by the key factors set forth below as well as other factors, many of which are beyond our control.

The impact of the COVID-19 pandemic

The outbreak of the COVID-19 pandemic in 2020 and measures to prevent its spread, including the imposition of quarantines and any prolonged closures of our wholesale partners' businesses, the businesses of the third parties on which we rely, supply chains as well as the associated reduction in consumer demand, have impacted, and may continue to impact us in a number of ways. This may include an adverse effect from reduced global economic activity, consumer confidence or disruptions in global supply chains, and, therefore, the products we sell, as well as the ability to operate our business, including potential disruptions to planned new store openings, our supply chain and workforce. We expect the ultimate significance of the impact of these disruptions, including the extent of their adverse impact on financial and operational results, will be determined by the length of time that such disruptions continue, which will in turn depend on the duration of the ongoing COVID-19 pandemic and the impact of governmental regulations that might be imposed in response to the COVID-19 pandemic. See "*Risk Factors—Risks Related to Our Industry and Our Business—We face risks related to health epidemics, pandemics and other outbreaks, including the COVID-19 pandemic, which could adversely affect our business*."

Nevertheless, we believe we have demonstrated continued resilience in response to the COVID-19 pandemic. Despite the initial decrease in demand during the early months of the pandemic, our sales rebounded in the second half of 2020 to a *Pro Forma* Net Turnover of €265.9 million for the year ended December 31, 2020, compared to a net turnover of €263.4 million for the year ended December 31, 2019. We undertook a number of initiatives to support our e-commerce sales, which increased significantly from €15.0 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of €30.8 million for the year ended December 31, 2020. Our digital channel accounted for 12% of our total Pro Forma net turnover for the year ended December 31, 2020, compared to 6% for the year ended December 31, 2019. As most of the costs associated with our digital channel vary directly with revenue, we have been able to maintain digital margins notwithstanding the significant expansion of our digital distribution.

Notwithstanding the decrease in sales from retail channel in the 2020 financial year (from €103.4 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of €91.3 million for the year ended December 31, 2020), we are encouraged by the improving DOS sales trend, which began and has continued since the second half of 2020, with our retail net turnover for the six months ended December 31, 2020 improving by 17.9% as compared to the six months ended

June 30, 2020 as retail businesses are allowed to reopen across our operating geographies and consumer sentiment continues to improve. The DOS that we opened in 2020 have performed in line with our pre-COVID-19 management forecasts for the year, with EBITDA margins consistent with, and in many cases higher than, historic DOS EBITDA margin performance.

Net turnover from our wholesale channel has remained resilient during the COVID-19 pandemic, notwithstanding an initial decrease in sales during the early months of the pandemic, generating *Pro Forma* Net Turnover of €141.1 million for the year ended December 31, 2020 compared to €142.8 million of net turnover for the year ended December 31, 2019. We prioritized wholesale channel preservation during the financial year through a number of key initiatives, including, among other initiatives: (i) halting a portion of Spring/Summer 2020 shipments to wholesalers, instead selling through direct-to-consumer channels; (ii) scaling down production of the Fall/Winter 2020 collection; and (iii) actively managing credit risk by strengthening our credit insurance, specifically insuring the majority of our trade receivables. Importantly, we maintained our "no-discount" policy throughout the 2020 financial year, unlike many of our peers in the luxury industry who offered discounts to maintain sales volumes, and actually increased our gross margin in the wholesale channel for the year.

We have not experienced disruptions to our production. We have performed and we continue to perform stock checks. We have also monitored production requirements and the capacity of our producers to prevent shortages. We have managed and will continue to monitor issues with raw material supplies, the distribution of finished goods and the availability of operating personnel. We have not experienced material price increases or disruptions to our supply of raw materials. We have maintained a robust liquidity position since the initial government-mandated lockdowns in March 2020 and have not accessed any government credit-line schemes, having generated positive operating cash flow in each financial quarter of 2020. We further managed cash during the period via other initiatives such as governmental furlough programs in EMEA and APAC, through which local governments generally subsidized a portion of personnel salaries during lockdown periods, deferred taxation initiatives where available, rent renegotiation and reassessment of marketing initiatives. We have also been encouraged by our most recent results, as the initial drop in demand we experienced during the initial government-mandated lockdowns rebounded quickly and was followed by strong sales in the months of January, February and March, 2021. For more information, see "*Summary—Recent Developments—Recent Trading*," "*Summary—Recent Developments—COVID-19*" and "*—Results of Operations—Comparison of results of operations for the years ended December 31, 2020 and December 31, 2019*."

General economic conditions and consumer confidence

Our business depends on the demand for luxury goods in the markets in which we sell our products. Demand for luxury footwear, ready-to-wear apparel and bags and other accessories can be cyclical and in certain circumstances can be affected by the overall level of consumer spending. Consumer spending is primarily driven by macroeconomic and other drivers influencing consumer-spending behavior, such as employment levels, salary and wage levels, inflation or deflation, interest rates, tax rates, currency exchange rates, fuel prices, civil unrest, terrorist attacks, public health crises, consumer confidence with respect to current and future overall economic conditions and personal economic prospects. Furthermore, tourist travel, the number of high-net-worth individuals and growing middle classes in fast-growing economies are all factors that generally relate to prevailing macroeconomic conditions and can significantly affect our business. See "*Risk Factors—Risks Related to Our Business and Industry—We are affected by general economic conditions in the markets where our products are sold and sourced, and any downturn resulting in lower consumer confidence and reduced spending in these markets could adversely affect our business*" and "*—We face risks related to health epidemics, pandemics and other outbreaks, including the COVID-19 pandemic, which could adversely affect our business.*" Tourism numbers and the level of spending by tourists are in turn related to various factors, such as currency exchange rates, general economic conditions, unemployment rates and consumer confidence. Similarly, a portion of our recent growth has come from, and we expect will continue to come from or be otherwise related to, net turnover generated in fast-growing markets, such as China. The growth of the number of high-net-worth individuals in fast-growing and other markets is also an important driver of our net turnover.

While luxury apparel and accessory purchases are often considered to be discretionary, and sales of such discretionary products typically depend on positive consumer sentiment and the availability of discretionary income, luxury apparel and accessory purchases can exhibit a certain resilience as high-income customers may not be affected to the same degree by macroeconomic pressures or their discretionary spending is tied to other factors, including the deployment of their discretionary spending among categories of the personal luxury goods market. For example, savings rates in the United States increased in 2020 as a result of the COVID-19 pandemic, particularly in higher-income households, which may positively impact spending on luxury goods in the medium-term. Additionally, our price-positioning is set towards the lower end of the luxury goods market, helping us hedge against downturns in the economy that may affect our customers' propensity to spend. Furthermore, our resilient wholesale channel activity (53% of our *Pro Forma* Net Turnover for the year ended December 31, 2020) provides us with adequate net turnover visibility as we take orders for our products from wholesalers prior to production runs. This means, for example, that by the end of the year we typically have an order book of over 75% of our yearly wholesale channel net turnover related to the following Spring/Summer and Fall/Winter collections, which although is subject to production risk and confirmation of sale upon delivery, helps steady our business planning with limited inventory risk. However, we do take limited inventory risk in respect of our retail channel, including our retail e-commerce channel, though we believe this is mitigated by our scarcity strategy and ability to rotate existing collections across stores.

Our products are sold globally, with 14%, 27%, 26% and 32% of our *Pro Forma* Net Turnover for the year ended December 31, 2020 being generated in Italy, APAC, EMEA (excluding Italy) and the Americas, respectively (with the remaining 1% attributable to sales of goods and raw materials to our suppliers that are not classifiable into a particular geography). Our net turnover and profitability could therefore be adversely affected by unfavorable economic conditions, an economic downturn or an otherwise uncertain economic outlook in these markets or new geographic markets that we may enter in the future. We have successfully managed to maintain our margins during the COVID-19 pandemic to date, but there can be no guarantee that deteriorating economic conditions in the future would not increase pricing pressure on the products that we sell and result in a corresponding decline in our margins. Though we have not experienced production or supply issues as a result of the COVID-19 pandemic, global economic conditions and uncertainties may also affect our suppliers through, for example, plant closures or increases in the cost of raw materials. See "*Risk Factors—Risks Related to Our Business and Industry—We face risks associated with operating in international markets and our strategy to continue to expand internationally*" and "*—Increases in the cost of raw materials and other risks associated with our sourcing strategy could increase our production costs and adversely affect our business*."

Exposure to changing fashion trends and dependence on the success of our collections and brand awareness

Sales and margins in the personal luxury goods market can be impacted by changing fashion trends and the relative success of a collection. The success of a collection is attributable to a variety of factors, including the originality and attractiveness of the product or collection concept, pricing, perceived product quality and the success of other comparable collections as well as the reception of collections in influential publications and on social media. We believe that our brand image and design aesthetic, focusing on timeless looks that transcend seasonal trends (including our "vintage-feel" and "distressed" designs, as well as newer designs which emphasize a minimalistic aesthetic such as our "Pure" and "Starter" sneakers) and help to mitigate our exposure to fashion trend risk. By focusing on timeless designs, we consider many of our products to be "evergreen," comprising iconic pieces that anchor a wardrobe, reducing the volatility risk of our collections and helping to ensure stable sales and low customer churn. Additionally, through a systematic launch strategy and consistent product innovation, we have been able to gradually reduce our iconic "Superstar" sneaker's share of our net turnover in order to promote newly introduced models and capture new audiences with a more diversified offering. For example, from the Spring/Summer 2018 season to the Fall/Winter 2021 season, we have increased our non-"Superstar" sneakers' (such as our "Ball Star," "Running Sole," "Slide" and "Hi Star" sneaker lines) share of wholesale net turnover from approximately 23% to approximately 42%. We believe that this trend demonstrates the underlying innovation in our product offering, ensuring a continuous product "refresh," driving future growth and re-balancing our portfolio with a view to ensuring an optimal mix of carryover "hero" (i.e. best-selling) products (in particular, our "Superstar" sneaker) and newly introduced models.

Though we believe we are well-hedged against fashion trends, the attractiveness of the collection may nevertheless vary from time to time as a result of changing consumer tastes. Additionally, consumer tastes may vary across the geographies in which we operate. To minimize the impact of this risk, we occasionally collaborate with key wholesale partners to create "private editions" of our products specifically for their businesses, which are designed with creative input from our third-party partners who are able to pinpoint the localized tastes of their markets and target consumers. We also aim to control market saturation and maintain product scarcity by partnering only with wholesalers who maintain a high sell-through and who adhere to our "no-discount" policy. Nevertheless, as we launch substantially the same collection in each of the markets where our products are sold, our products may not be consistently attractive to our target consumers across geographies and we may therefore be required to make further adjustments for regional differences (including fashion tastes and sizing of customers in certain countries), presenting additional challenges in identifying and capitalizing on trends. Our failure to anticipate, identify or react swiftly to changes in styles, trends or desired image preferences or to anticipate demand is likely to lead to lower demand for our products, which could cause, among other things, sales declines and excess inventories. See "*Risk Factors—Risks Related to Our Business and Industry—We may fail to appeal to the tastes of our customers or to identify and respond to changing trends and product demand*."

We believe that an effective communication strategy is essential to the success of our brand, especially one that emphasizes the core pillars of our brand: 360° brand identity, specialization and authenticity and a distinctive point of view. Our "Golden Goose 360°" communication strategy and selective distribution network have helped to create a respected brand identity, fostering our company values and boosting brand DNA to create a strong sense of community. Additionally, having been a pioneer in the luxury sneakers category since the mid-2000s, we have reached an established and specialized position in this market party on the basis of high-quality product and design, combined with a local production network of Italian craftsmen and artisans. With the help of these local craftsmen and artisans and our recognizable shapes, high-quality materials and branding of our sneakers, we have established a timeless design and aesthetic that can be immediately associated with our brand identity. Building upon this aesthetic, we produce distinctive and bold designs that provide consumers with a bespoke, highly-tailored experience, which strongly appeals to our customer base.

We consider our stores, the publicity and social media buzz we are able to generate via celebrity and influencer endorsements and one-to-one consumer experiences such as our "Golden Goose Lab" concept and our other engagement with customers as important communication channels. We believe part of our success has resulted from our ability to create a brand platform through which we can articulate the story of our company to attract interest and attention from both existing and potential consumers. Our brand benefits from our own physical stores, which are operated as luxury boutiques with specially-designed and curated store windows, and brand placement in prime locations and in leading department stores, as well as recognizable brand placement among prominent e-commerce platforms. We exploit a variety of marketing and advertising channels to increase brand awareness, acquire new customers, drive customer traffic to our stores, e-boutique and Golden Goose Passport app, as well as strengthen and reinforce our brand image. However, our ability to maintain our consumer brand awareness will depend on the effectiveness of our communication strategy in the face of changing trends and consumer attitudes. See "*Risk Factors—Risks Related to Our Business and Industry—Our business depends on preserving our strong brand image and if we are not able to maintain the value and resonance of our brand or implement effective advertising and marketing campaigns to generate consumer awareness and traffic, we may be unable to retain consumers or attract new ones, which could adversely affect our business, financial condition and results of operations*."

Expansion of our direct-to-consumer distribution through new store openings and increased digital presence

While the majority of our net turnover is generated through our wholesale distribution network (53% of our *Pro Forma* Net Turnover for the year ended December 31, 2020), we expect our own direct-to-consumer offering to be our primary growth driver in the medium-term, of which our physical retail activity is a key component. Our physical retail sales activity is realized through 126 DOS (including five duty-free stores, 14 shop-in-shop stores and eight outlets), over which we exercise full inventory ownership as well as design and concept control. Our standardized process for opening new DOS involves efficient and relatively modest capital expenditures, as the minimalistic, compact and flexible format of our stores allows for relatively low rental and set-up costs. This process has resulted in the launch of over 60 DOS between 2018 and 2020. Furthermore, we have historically typically been able to achieve a non-dilutive or accretive EBITDA margin within two to three years of opening each of our new DOS, and we believe we are well-positioned to continue this trend using our proven retail formula. There can be no assurance that we can maintain such payback period for any future store openings. See "*Our Business—Distribution Channels—Retail—DOS (directly-operated stores)*."

As we continue to build out and expand our own retail network, our results of operations will be increasingly affected by our point-of-sale offerings. Retail net turnover and our margins from DOS are strengthened by the difference between the sell-in price and sell-out price as compared to our wholesale distribution channel. Our margin in the wholesale channel is limited to the difference between the price we invoice to our wholesale partners and our cost of goods sold, whereas in our direct-to-consumer DOS, our margin consists of the difference between the consumer's purchase price and our cost of goods sold. However, this may be partially offset by the increase in costs (mainly rent and personnel) resulting from the expansion of our DOS network. Given the fixed cost structure for most of our DOS, these costs may not be immediately offset by greater net turnover generated by the stores as the ability of our newly-opened retail stores to reach stabilized levels of earnings is related to the ramp-up periods for such stores, which may vary by region, store size or location, though generally is two to three years according to management's estimates based on historical results. Nevertheless, we are encouraged by the performance of our newly-opened DOS through the final months of 2020, with stores opened in 2020 performing above pre-COVID-19 management sales and EBITDA expectations notwithstanding government-mandated lockdowns, limited opening hours and reduced macroeconomic consumer sentiment.

An increasing portion of our retail sales is also conducted on our e-boutique, goldengoose.com, serving our customers across the world. Our e-boutique, formerly operated by a third-party, is a core part of our digital distribution channel and has been fully operated in-house since July 2019, which has contributed in year-on-year net turnover growth for our digital distribution channel of 105% from 2019 to 2020. Our e-boutique enables us to be fully operational across many different countries and currencies with a global delivery platform, allowing us to nurture a direct relationship with our global customer base. In 2020, we bolstered our e-commerce capabilities to capitalize on increased digital demand as a result of the COVID-19 pandemic and benefited considerably from our internalization initiatives, capturing higher margins during a time of significantly increased online shopping as a result of the COVID-19 pandemic. Specifically, we have grown net turnover from our digital sales channel from €15.0 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of €30.8 million for the year ended December 31, 2020. Sales made through our direct-to-consumer e-boutique and our proprietary Golden Goose Passport app (launched in September 2019), along with our sales in our DOS, provide us with total control over pricing, merchandising, brand perception and customer experience, and allow us to capture a higher gross margin than sales made through our wholesale network.

Selective expansion and further strengthening of wholesale partnerships with loyal customers

We operate a selective wholesale network globally, through which we sell our product lines to third-party retailers and e-tailers at wholesale price-points for onward sale to end-consumers. Our wholesale partners comprise high-end multi-brand stores, departments stores and e-tailers over which we exercise merchandising, branding and messaging control to ensure alignment with our core strategy and values. For the year ended December 31, 2020, we worked with over 900 wholesale partners globally, most of which were located in EMEA, Italy and the Americas (predominantly in the United States). All sales to wholesalers are made on a final-sale basis and we concede very limited discounts to our wholesale network.

Our wholesale net turnover grew at a CAGR of 8% from 2018 to 2020 (on a *pro forma* basis). This growth was primarily driven by our sales expansion into the Americas (with total net turnover generated in the region growing at a CAGR of 57% from 2018 to 2020 (on a *pro forma* basis)) and increased net turnover in EMEA (excluding Italy), along with increased average wholesale order sizes in both regions during the period. Our wholesale strategy over the period under review has been to focus on control and selective distribution, following a strategic approach to volumes and pricing implemented through a "no-discount" policy, controlled orders, phasing out of agents and distributors where possible and no possibility for re-assortment. Partners are also selected based on location, limiting the number of wholesaler stores per city, and are regularly reviewed to ensure alignment with our strategy, brand image and positioning. These features have enabled us to attach a sense of scarcity and exclusivity to the brand while distributing through a carefully selected wholesale network globally, including many high-end department stores (e.g., Harrods, LaRinascente, Nordstrom and Selfridges) and high-end e-tailers (e.g., Mytheresa, Net-A-Porter and SSENSE). We also tend to benefit from an attractive floor positioning within department stores, alongside other leading luxury and designer brands.

Notwithstanding our long-standing wholesale relationships, during the period under review we have pursued a wholesale internalization and "retailization" strategy, by which we seek to take further control of our distribution channels to increase our margins and ensure consistent brand messaging and communication. In 2017, we acquired the business and operations of our local South Korean distribution partner, internalizing all of our Korean mono-brand stores. Following this consolidation, we acquired a similar distribution partner in the Chinese market, internalizing two Chinese stores. Furthermore, in early 2021, we bought back 11 franchise stores operated in China from our franchise partner, further internalizing our regional distribution. Through our "retailization" efforts, we have increased our directly-managed retail presence and have gradually moved away from our dependence on distribution partners and third-party management of key sales platforms, such as our showrooms. As of December 31, 2020, we have 126 directly-operated stores (including five duty-free stores, 14 shop-in-shop stores and eight outlets) as compared to 58 as of December 31 2018, and we directly manage all of our showrooms (New York, Milan, Paris) as well as our e-boutique.

Prior to July 2019, our online business was managed by an independent e-commerce service provider, who received a management fee based on our e-commerce net turnover. In late 2018, we developed a plan to insource our online business in order to manage the business directly and increase channel performance by implementing closely controlled online distribution. Since our internalization of this e-commerce channel in July 2019, we have achieved higher traffic volumes to the website and a higher conversion rate.

In line with this internalization strategy, wholesale sales have decreased as a percentage of our net turnover, from 65% in the year ended December 31, 2018 to 53% (measured as a percentage of *Pro Forma* Net Turnover) in the year ended December 31, 2020, while we have increased our net turnover from €187.0 million in the year ended December 31, 2018 (29.3% EBITDA margin) to €265.9 million *Pro Forma* Net Turnover in the year ended December 31, 2020 (38.5% Run-Rate *Pro Forma* EBITDA margin).

Variable and fixed costs

Like other businesses in the global luxury market, our cost base is composed of a mixture of variable and fixed costs. The ability of our cost base to be flexible in accordance with net turnover may vary from quarter to quarter and may affect our operating profit. Variable costs primarily include production costs, duties, variable rents and sales commissions related to digital sales. We estimated that variable costs represented approximately 66%, 61% and 55% of our total costs for the year ended December 31, 2018, the year ended December 31, 2019 and the year ended December 31, 2020, respectively. Our fixed costs primarily include our personnel costs (including the costs of the staff in our stores, our headquarters and our corporate and operational offices globally), travel expenses, management/consultant fees and (notwithstanding the reclassification to right-of-use assets/lease liabilities under IFRS 16—*Leases*) the majority of our rental expenses. Though we undertook a number of initiatives in 2020 to bolster our e-commerce sales and capitalize on significantly increased digital demand as a result of the COVID-19 pandemic, most of the costs associated with our digital channel vary directly with revenue and we have been able to maintain digital margins notwithstanding the significant increase in digital sales, from a net turnover of €15.0 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of €30.8 million for the year ended December 31, 2020.

Our fixed cost base, which includes physical store lease costs, has also increased as we have executed our "retailization" strategy, growing from 58 directly-operated stores as of December 31, 2018 to 126 DOS (including five duty-free stores, 14 shop-in-shop stores and eight outlets) as of December 31, 2020. We have some degree of control over personnel costs in our stores by varying staffing levels in anticipation of customer traffic. We were also able to take advantage of governmental furlough programs for primarily retail personnel in EMEA and APAC, through which local governments generally subsidized a portion of salaries during lockdown periods, deferred taxation initiatives where available, allowing us to minimize personnel costs in periods where our DOS were closed as a result of government-mandated lockdowns in the course of 2020. In some countries such as the United Kingdom and Switzerland, subsidies covered up to 80% of full-time personnel salaries. Our personnel costs can also vary due to changes in prevailing wage levels, such as adjustments to national or local minimum wages.

In order to protect our workforce and maintain the continuity of our operations, we have implemented preventative measures, including providing hand sanitizer and other personal protective equipment to employees and increasing the frequency of cleaning of our stores and offices. We incurred costs amounting to €0.1 million in relation to these and similar hygiene measures in the year ended December 31, 2020.

Production and distribution costs

Our results of operations can be impacted by changes in production and distribution costs. Our cost of goods sold consists primarily of amounts paid for raw materials and to producers of finished products, sample manufacturing costs, personnel costs, inbound transportation costs and other costs associated with preparing our products for sale, which in certain jurisdictions includes clearing, transportation and customs charges. As we outsource our production entirely to Italian artisans, our production costs can be significantly impacted by our producers' raw material costs, transportation expenses and wage inflation. We generally contract with manufacturers under two types of arrangements: trade purchases (generally for footwear) and sub-contracting (generally for ready-to-wear apparel). In both cases, all material, trims and other components are all specified by us. Trade purchases consist of acquiring finished products, whereby we supply the product design specifications and prototypes developed in-house to our suppliers and they produce the merchandise using raw materials specifically designated by us and subject to our specifications and quality control procedures. Pursuant to sub-contracting arrangements, we contract with suppliers for manufacturing output, providing them with the components and raw materials that we source, develop or purchase. See "*Our Business—Design and Production—Production*." We believe high quality and advanced design are reflected in the price of our products and our high margins, which are typical of the personal luxury goods market, have the effect of reducing our exposure to raw materials. Additionally, the purchasing by our wholesale channel distribution partners prior to production runs means that we can seek to adjust suggested retail prices (and therefore sell-in prices) to absorb raw material costs. An increase in costs related to transporting products from Italy to their destination of sale (largely dependent on shipping and freight costs, which are themselves largely dependent on fuel costs) could also add to the overall cost of the products. The costs of products are also impacted by wage inflation; increases in wage levels in markets where our products are manufactured may impact the costs of our products.

In order to maintain our margins, we focus on implementing an efficient sourcing policy and utilizing our increasing bargaining power with suppliers. This, together with the relatively high average sale prices for our products as compared to the mass market, has enabled us to achieve attractive margins.

Product, distribution channel and geographic sales mix

Our margins vary depending on the mix of sales of the type of products that we sell, the distribution channels through which we sell our products and the geographies in which we sell them.

We believe that as we further diversify our product offering some of our products, such as our ready-to-wear apparel and bags and other accessories product categories, will form a more significant part of our sales going forward.

We have typically generated a significant percentage of our net turnover in our wholesale and our own retail distribution channel (excluding online). Traffic in physical stores is affected, to a degree, by the trend in recent decades consisting of changing consumer shopping habits moving from the "brick-and-mortar" channel towards online and omni-channel retailing. Since July 2019, we have invested in our digital experience, having internalized the operation of our e-boutique and having launched our proprietary Golden Goose Passport app.

Our margins as a percentage of net turnover also vary according to the distribution channel through which we sell. Though we sell across wholesale, retail and digital channels, our margins are primarily determined by whether our products are sold directly to the consumer or to third-party businesses for further sale to the consumer ("B2B"). We observe a higher gross margin rate with respect to our own direct-to-consumer activity (given that in our B2B distribution, some of our gross margin is captured by the third-party seller (upon sales to the consumer), whereas in our own direct-to-consumer distribution the gross margin made on our net turnover is wholly for our benefit). Sales made through digital channels, whether direct-to-consumer or B2B, additionally generate higher margins than physical sales given the lower fixed costs and overhead associated with such sales (generally limited to inventory storage and distribution costs). As we continue to expand our own direct-to-consumer distribution network across retail DOS and our own digital channels, our increased direct-to-consumer activity could further improve our gross margins.

While we generally maintain consistent prices across geographies that account for, among other things, distribution costs, variances in VAT and currency exchange rates, the prices of our items vary by product line and product type. Our pricing policies are further affected by geography of sale, as the pricing environment and disposable incomes of consumers vary across the markets in which we operate, resulting in margins which are generally higher in jurisdictions where there is greater consumer discretionary spending. We follow a different pricing policy outside of the Eurozone to set retail prices for our DOS and recommended retail prices for our wholesalers (including, among other currencies, in USD, GBP, HKD and CNY for our DOS and various other currencies for our wholesalers). To calculate our recommended non-euro retail prices, we apply a mark-up to the euro price and an exchange rate to translate it into local currency and take into consideration local tax duties and VAT.

Factors Affecting Comparability of Our Financial Results

The Acquisition

On June 16, 2020, Astrum 3 S.p.A. acquired control of the Group by acquiring 100% of the share capital of Sneakers Maker, S.p.A. and both companies were subsequently merged into Golden Goose S.p.A. on August 5, 2020 upon completion of the Reverse Merger. As a consequence of the Acquisition and in accordance with IFRS, our 2020 H2 Audited Consolidated Financial Statements only reflect our results of operations for the six months ended December 31, 2020, i.e. from July 1, 2020 (which is the "convenience" date of completion of the Acquisition for accounting purposes, designated in accordance with IFRS 3—*Business Combinations* having assessed that events between the actual acquisition date of June 16, 2020 and such "convenience" date do not result in material changes to the amounts recognized) to December 31, 2020, and only our 2020 H2 Audited Consolidated Financial Statements reflect the consolidated financial information of Golden Goose S.p.A. subsequent to the completion of the Acquisition and the Reverse Merger.

In order to facilitate comparisons between the periods under review, this section includes the Unaudited 2020 Combined Income Statement (limited to the section entitled "*—Results of Operations—Comparison of results of operations for the years ended December 31, 2020 and December 31, 2019*), which is unaudited and has been calculated by adding (i) the Issuer's audited consolidated income statement for the six months ended June 30, 2020 and (ii) the Issuer's audited consolidated income statement for the six months ended December 31, 2020. We have included the Unaudited 2020 Combined Income Statement for informational purposes only to facilitate comparisons between the periods under review presented below in "*—Results of Operations—Comparison of results of operations for the years ended December 31, 2020 and December 31, 2019*." The Unaudited 2020 Combined Income Statement is distinct from, and is not directly comparable with, the Unaudited 2020 Pro Forma Income Statement included elsewhere in this Offering Memorandum. See "*Unaudited Pro Forma Consolidated Financial Information*" and "*Presentation of Financial and Other Information*."

In order to facilitate comparisons between the periods under review, this section further includes the Unaudited 2020 Combined Cash Flow Statement, which is unaudited and has been calculated by adding (i) the Issuer's audited consolidated statement of cash flows for the six months ended June 30, 2020 and (ii) the Issuer's audited consolidated statement of cash flows for the six months ended December 31, 2020. We have included this Unaudited 2020 Combined Cash Flow Statement for informational purposes only to facilitate comparisons between the periods under review presented in this section.

The Unaudited 2020 Combined Income Statement and Unaudited 2020 Combined Cash Flow Statement have not been adjusted to give full-year effect to the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, and are presented for informational purposes only to enable comparisons between the periods under review. They, therefore, do not purport to represent what our actual results of operations or cash flows for the year ended December 31, 2020 would have been if the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, had occurred on January 1, 2020. If the Acquisition, including the financing with respect thereto and the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, had occurred on January 1, 2020, our results of operations and cash flows for the year ended December 31, 2020 could have deviated, even materially, from those described in the Unaudited 2020 Combined Income Statement and the Unaudited 2020 Combined Cash Flow Statement. Moreover, the Unaudited 2020 Combined Income Statement and Unaudited 2020 Combined Cash Flow Statement do not include all information required for financial statements under IFRS and should be read in conjunction with the 2020 H1 Audited Consolidated Financial Statements and the 2020 H2 Audited Consolidated Financial Statements, including the notes related thereto, included elsewhere in this Offering Memorandum.

The Unaudited 2020 Combined Income Statement and the Unaudited 2020 Combined Cash Flow Statement have not been prepared in accordance with the requirements of Regulation S-X under the U.S. Exchange Act, the Prospectus Regulation or any other generally accepted accounting principles and have not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards. See "*Presentation of Financial and Other Information.*"

Description of Key Components of Our Statement of Consolidated Profit and Loss

Net Turnover

Net turnover represents (i) the net revenue recognized from the sale of footwear, ready-to-wear apparel as well as bags and other accessories, calculated as the sale price less expected returns from wholesalers and commercial discounts (if any), (ii) net revenues generated from the sale of goods and raw materials to suppliers and (iii) other revenue adjustments (including revenues attributable to hedging accounts).

Cost of Goods Sold

Cost of goods sold represents costs incurred in the production of our products, including amounts paid for raw materials and to producers of finished products, sample manufacturing costs, production, operation and logistics personnel costs, inbound transportation costs and other costs associated with preparing our products for sale, which in certain jurisdictions includes clearing, transportation and customs charges. As we do not operate or own any manufacturing facilities, we rely on third parties for the manufacturing of our products.

Selling and Distribution Expenses

Selling and distribution expenses represents operating and depreciation expenses associated with sales of our products, including lease payments and store depreciation, wages and commissions paid to store staff, distribution logistics costs, credit management costs and other commercial expenses, including the majority of costs associated with our direct-to-consumer digital channels.

General and Administration Expenses

General and administration expenses represents all operating and depreciation expenses unrelated to production, sales and marketing, consisting primarily of non-industrial depreciation, general and administrative personnel costs, professional fees and utilities and maintenance expenses and further includes rent concessions recorded as a negative expense.

Marketing and Advertising

Marketing and advertising is comprised of expenses related to our marketing and advertising initiatives.

Financial Income

Financial income is comprised of interest income and any gains from currency exchange rate fluctuations.

Financial Expenses

Financial expenses are comprised of interest expenses (including intercompany loans and interest on bank facilities), losses from currency exchange rate fluctuations, bank commissions, redemption premiums and break costs associated with the repayment of indebtedness, lease interest expenses and losses on derivative instruments.

Income Taxes

Income taxes consist of current tax expense.

Results of Operations

Comparison of results of operations for the years ended December 31, 2020 and December 31, 2019

The following table sets forth certain statement of profit and loss for the years ended December 31, 2020 and December 31, 2019.

	For the year ended December 31, 2019	For the six months ended June 30, 2020	For the six months ended December 31, 2020	For the year ended December 31, 2020[(1)] (combined)
	(€ millions)			
Net turnover	263.4	109.6	156.3	265.9
Cost of goods sold	(103.4)	(39.8)	(59.8)	(99.6)
Net margin	**160.0**	**69.8**	**96.5**	**166.3**
Selling and distribution expenses	(49.7)	(29.0)	(39.4)	(68.4)
General and administration expenses	(31.1)	(15.3)	(56.5)	(71.8)
Marketing and advertising	(7.6)	(2.8)	(5.9)	(8.7)
Operating result (EBIT)	**71.7**	**22.7**	**(5.3)**	**17.4**
Financial income	1.7	1.7	2.5	4.2
Financial expenses	(29.2)	(14.3)	(25.9)	(40.2)
Profit before tax	**44.2**	**10.1**	**(28.7)**	**(18.6)**
Income taxes	(8.7)	(4.5)	3.9	(0.6)
Net result	**35.5**	**5.6**	**(24.8)**	**(19.2)**

(1) The income statement information for the year ended December 31, 2020 is unaudited and has been calculated by adding (i) the Issuer's audited consolidated income statement for the six months ended June 30, 2020 and (ii) the Issuer's audited consolidated income statement for the six months ended December 31, 2020. We have included this Unaudited 2020 Combined Income Statement for informational purposes only to facilitate comparisons between the periods under review presented in this section. The Unaudited 2020 Combined Income Statement has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Exchange Act, the Prospectus Regulation or any generally accepted accounting principles and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards. The Unaudited 2020 Combined Income Statement is distinct from, and is not directly comparable with, the Unaudited 2020 Pro Forma Income Statement included elsewhere in this Offering Memorandum. See "*Presentation of Financial and Other Information*" and "*Unaudited Pro Forma Consolidated Financial Information*."

The following table sets forth our net turnover by region of sale for the years ended December 31, 2020 and December 31, 2019.

	For the year ended December 31, 2019	For the six months ended June 30, 2020	For the six months ended December 31, 2020	For the year ended December 31, 2020[(1)] (combined)
Net turnover				
Italy	42.5	18.2	18.0	36.2
EMEA (excluding Italy)	74.0	29.2	41.1	70.3
Americas	70.9	26.1	59.6	85.7
APAC	73.9	34.2	36.8	71.0
Other	2.1	1.9	0.8	2.7
Total	**263.4**	**109.6**	**156.3**	**265.9**

(1) The income statement information for the year ended December 31, 2020 is unaudited and has been calculated by adding (i) the Issuer's audited consolidated income statement for the six months ended June 30, 2020 and (ii) the Issuer's audited consolidated income statement for the six months ended December 31, 2020. We have included this Unaudited 2020 Combined Income Statement for informational purposes only to facilitate comparisons between the periods under review presented in this section. The Unaudited 2020 Combined Income Statement has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Exchange Act, the Prospectus Regulation or any other generally accepted accounting principles and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards. The Unaudited 2020 Combined Income Statement is distinct from, and is not directly comparable with, the Unaudited 2020 Pro Forma Income Statement included elsewhere in this Offering Memorandum. See "*Presentation of Financial and Other Information*" and "*Unaudited Pro Forma Consolidated Financial Information*."

Net turnover

For the year ended December 31, 2020 our net turnover increased by €2.5 million, or 1.0%, to €265.9 million from €263.4 million for the year ended December 31, 2019.

Results for the period were primarily attributable to the increase in our digital channel sales to a Combined Net Turnover of €30.8 million for the year ended December 31, 2020 from a net turnover of €15.0 million for the year ended December 31, 2019 (an increase of 104.7%), driven by increased e-commerce demand in all of our operating geographies as a result of the COVID-19 pandemic and related temporary closure of physical retail shopping locations. Digital demand increased over the course of the year, with our digital channel generating net turnover of €17.9 million for the six months ended December 31, 2020 as compared to €12.9 million for the six months ended June 30, 2020, an increase of 38.9%. The increase in net turnover generated by our digital channel was offset by a decrease in our retail sales channel, which decreased to a Combined Net Turnover of €91.3 million for the year ended December 31, 2020 from a net turnover of €103.4 million for the year ended December 31, 2019 (a decrease of 11.7%) due to government measures adopted worldwide aimed at containing the spread of COVID-19, resulting in reduced store traffic and store closures during lockdown periods primarily in the first half of the year. Though sales were strongly impacted in the first half of the year, especially in EMEA and Italy, the retail channel showed signs of recovery in the second half of the year (generating net turnover of €49.4 million for the six months ended December 31, 2020 as compared to €41.9 million for the six months ended June 30, 2020, an increase of 17.9%), when certain of the countries in which we operate, such as China, began easing lockdown restrictions and as retail sales in the United States continued to grow notwithstanding the COVID-19 pandemic. Sales in our wholesale distribution channel remained resilient, generating Combined Net Turnover of €141.1 million for the year ended December 31, 2020 as compared to a net turnover of €142.8 million for the year ended December 31, 2019, as a result of the aforementioned partial recovery in physical shopping in the second half of the year along with our implementation of key initiatives, including, among others: (i) halting a portion of Spring/Summer 2020 shipments to wholesalers, instead selling through direct-to-consumer channels; (ii) scaling down production of the Fall/Winter 2020 collection; and (iii) actively managing credit risk by strengthening our credit insurance, specifically insuring the majority of our trade receivables. Through such prudent initiatives and the improving COVID-19 situation in the latter half of the year, our wholesale net turnover increased to €88.2 million for the six months ended December 31, 2020 from €52.9 million for the six months ended June 30, 2020, an increase of 66.6%.

In terms of geographic mix, the increase in net turnover was driven by significant growth in the Americas across all distribution channels, specifically the United States, generating a Combined Net Turnover of €85.7 million for the year ended December 31, 2020 compared to a net turnover of €70.9 million for the year ended December 31, 2019 (an increase of 20.9%). This increase in sales was offset by a decrease in sales in EMEA (excluding Italy) and Italy, which were particularly impacted by strong COVID-19 government measures that limited the inflow of tourists to the region and caused prolonged store closures throughout the year. EMEA (excluding Italy) and Italy generated a Combined Net Turnover of €70.3 million and €36.2 million for the year ended December 31, 2020, respectively, as compared to €74.0 million and €42.5 million for the year ended December 31, 2019 (decreases of 5.1% and 14.9%, respectively). More specifically, EMEA (excluding Italy) generated net turnover of €41.1 million for the six months ended December 31, 2020 as compared to €29.2 for the six months ended June 30, 2020, an increase of 40.8%, with Italy generating net turnover of €18.0 million for the six months ended December 31, 2020 as compared to €18.2 million for the six months ended June 30, 2020, a decrease of 1.1%. Sales in APAC remained resilient, generating a Combined Net Turnover of €71.0 million for the year ended December 31, 2020 as compared to €73.9 million for the year ended December 31, 2019 (a decrease of 3.9%), as digital sales bolstered decreased sales in our retail sales channel, which nevertheless began showing signs of recovery in the second half of the year. Sales in APAC generated €36.8 million of net turnover for the six months ended December 31, 2020 as compared to €34.2 million for the six months ended June 30, 2020, an increase of 7.7%.

Cost of goods sold

Cost of goods sold decreased by €3.8 million, or 3.7%, to a Combined Cost of Goods Sold of €99.6 million for the year ended December 31, 2020 from a cost of goods sold of €103.4 million for the year ended December 31, 2019, primarily as a result of continual price negotiations that we undertake with our suppliers to obtain contracts on favorable price terms. Correspondingly, our cost of goods as a percentage of net turnover decreased to 37.4% for the year ended December 31, 2020 from 39.2% for the year ended December 31, 2019.

Net margin

Net margin increased by €6.3 million, or 4.0%, to a Combined Net Margin of €166.3 million for the year ended December 31, 2020 from a net margin of €160.0 million for the year ended December 31, 2019. The increase was primarily due to the change in net turnover mix by distribution channel, reflecting an increased proportion of direct-to-consumer sales which generate higher margins than our wholesale channel, optimized pricing in our supplier contracts contributing to lower cost of goods sold and the stringent application of our general "no-discount" policy during the period which contributed to higher margins.

Selling and distribution expenses

Selling and distribution expenses increased by €18.7 million, or 37.7%, to Combined Selling and Distribution Expenses of €68.4 million for the year ended December 31, 2020 from selling and distribution expenses of €49.7 million for the year ended December 31, 2019. This increase was primarily due to (i) an increase in amortization of capital expenditures relating to the retail channel of €11.7 million (inclusive of €4.6 million of write-downs relating to the potential closures of two DOS in Europe and two DOS in APAC as a result of decreased demand due to the COVID-19 pandemic) as compared to the prior year, and (ii) an increase in the amortization of right-of-use assets in accordance with IFRS 16—*Leases* of €4.8 million as compared to the prior year.

General and administration expenses

General and administration expenses increased by €40.8 million, or 131.4%, to Combined General and Administration Expenses of €71.8 million for the year ended December 31, 2020 from general and administration expenses of €31.1 million for the year ended December 31, 2019. This increase was primarily due to €18.0 million of transaction costs related to the Acquisition and €18.0 million of intangible asset amortization (backlog and customer relationships), identified in the final purchase price allocation exercise performed in the second half of the year subsequent to the completion of the Acquisition. We also benefited from €2.2 million of rent concessions for the year ended December 31, 2020, recorded on our income statement as a negative variable lease payment and included in general and administration expenses for the year.

Marketing and advertising

Marketing and advertising expenses increased by €1.1 million, or 14.1%, to Combined Marketing and Advertising expenses of €8.7 million for the year ended December 31, 2020 from marketing and advertising expenses of €7.6 million for the year ended December 31, 2019. We decelerated our marketing and advertising spend in the first half of the year (€2.8 million for the six months ended June 31, 2020) as a defensive measure in response to the COVID-19 pandemic, subsequently ramping up in the second half of the year (€5.9 million for the six months ended December 31, 2020) in anticipation of 2021 sales. This increase in our overall spend for the year ended December 31, 2020 as compared to the prior year was primarily attributable to (i) our reinforcement of our marketing department, through a combination of new hires in 2020 and the full-year effect of hires in 2019 and (ii) increased spending on sales marketing, targeting direct-to-consumer sales (e.g. online advertising).

Operating result (EBIT)

Operating result (EBIT) for the year decreased by €54.3 million, or 75.7%, to a Combined Operating Result (EBIT) of €17.4 million for the year ended December 31, 2020 from an operating result (EBIT) of €71.7 million for the year ended December 31, 2019. This decrease was primarily due to (i) €18.7 million of non-recurring charges (including €18.0 million of transaction costs related to the Acquisition), (ii) €18.0 million of intangible asset amortization (backlog and customer relationships), identified in the purchase price allocation exercise performed in the second half of the year subsequent to the completion of the Acquisition and (iii) €4.6 million of write-downs relating to the potential closures of two DOS in Europe and two DOS in APAC as a result of decreased demand due to the COVID-19 pandemic as described above.

Financial income

Our financial income increased by €2.6 million, or 154.9%, to a Combined Financial Income of €4.2 million for the year ended December 31, 2020 from a financial income of €1.7 million for the year ended December 31, 2019. This increase was primarily due to increased foreign exchange gains and interest income received compared to the prior year.

Financial expenses

Financial expenses increased by €11.0 million, or 37.6%, to Combined Financial Expenses of €40.2 million for the year ended December 31, 2020 from financial expenses of €29.2 million for the year ended December 31, 2019. This increase was due to increased interest expense compared to the prior period, attributable to the Bridge Facility and drawings under the Revolving Credit Facility, amounting to €15.7 million and €1.8 million, respectively and to increased foreign exchange losses as compared to the prior period, partially offset by the cessation of interest as a result of the repayment and cancellation of certain existing indebtedness of the Issuer in connection with the Acquisition.

Income taxes

Income taxes decreased by €8.0 million, or 93.0%, to Combined Income Taxes of €0.6 million for the year ended December 31, 2020 from income taxes of €8.7 million for the year ended December 31, 2019. This decrease was primarily due to the decrease of deferred tax liabilities recorded in accordance with the amortization of assets recognized following purchase price allocation exercise completed in connection with the Acquisition as well as decreased regional business taxes payable in the year as a result of local COVID-19 tax deferral schemes implemented in Italy.

Net result

Net result for the year decreased by €54.6 million to a Combined Net Loss of €19.2 million for the year ended December 31, 2020 from a net result of €35.5 million for the year ended December 31, 2019. The decrease was due to the reasons set forth above.

Comparison of results of operations for the years ended December 31, 2019 and December 31, 2018

The following table sets forth certain statement of profit and loss for the years ended December 31, 2019 and December 31, 2018.

	For the year ended December 31,	
	2018	**2019**
	(€ millions)	
Net turnover	**187.0**	**263.4**
Cost of goods sold	(84.1)	(103.4)
Net margin	**102.8**	**160.0**
Selling and distribution expenses	(35.7)	(49.7)
General and administration expenses	(15.6)	(31.1)
Marketing and advertising	(8.4)	(7.6)
Operating result (EBIT)	**43.0**	**71.7**
Financial income	1.7	1.7
Financial expenses	(10.7)	(29.2)
Profit before tax	**34.0**	**44.2**
Income taxes	(6.3)	(8.7)
Net result	**27.7**	**35.5**

The following table sets forth our net turnover by region of sale for the years ended December 31, 2019 and December 31, 2018.

	For the year ended December 31,	
	2018	**2019**
	(€ millions)	
Net turnover		
Italy	40.6	42.5
EMEA (excluding Italy)	53.1	74.0
Americas	34.6	70.9
APAC	57.7	73.9
Other	1.0	2.1
Total	**187.0**	**263.4**

Net turnover

For the year ended December 31, 2019 our net turnover increased by €76.4 million, or 40.9%, to €263.4 million from €187.0 million for the year ended December 31, 2018. The increase was primarily attributable to a growth in global sales volumes, expansion of our retail sales network and the United States wholesale channel as well as the internalization of our e-boutique, resulting in an increased global presence and contributing to sales volume growth.

In terms of geographic mix, the increase in net turnover was driven by: (i) an increase of €36.2 million, or 104.6%, in net turnover from the Americas, to €70.9 million for the year ended December 31, 2019 from €34.6 million for the year ended December 31, 2018, primarily attributable to the expansion of our United States wholesale and retail channels; (ii) an increase of €20.9 million, or 39.4%, in net turnover from EMEA (excluding Italy), to €74.0 million for the year ended December 31, 2019 from €53.1 million for the year ended December 31, 2018, primarily attributable to the expansion of our retail channel and resulting increased sales in the region and the internalization of our e-boutique in 2019; (iii) an increase of €16.2 million, or 28.1%, in net turnover from APAC, to €73.9 million for the year ended December 31, 2019 from €57.7 million for the year ended December 31, 2018, primarily attributable to the expansion of our retail channel and resulting increased sales in the region; and (iv) an increase of €1.9 million, or 4.7%, in net turnover from Italy, to €42.5 million for the year ended December 31, 2019 from €40.6 million for the year ended December 31, 2018, primarily attributable to organic sales growth which was controlled during the period in order to maintain product scarcity in the region.

Cost of goods sold

Cost of goods sold increased by €19.2 million, or 22.9%, to €103.4 million for the year ended December 31, 2019 from €84.1 million for the year ended December 31, 2018. Our cost of goods sold increased primarily due to increased sales and the expansion of our retail channel.

Net margin

Net margin increased by €57.2 million, or 55.6%, to €160.0 million for the year ended December 31, 2019 from €102.8 million for the year ended December 31, 2018. The increase was due to the growth in net turnover, which more than off-set the increase in cost of goods sold for the reasons set forth above.

Selling and distribution expenses

Selling and distribution expenses increased by €13.9 million, or 38.9%, to €49.7 million for the year ended December 31, 2019 from €35.7 million for the year ended December 31, 2018. This increase was primarily due to the development of our retail business. Our increased number of DOS compared to the prior period resulted in an increase in staff costs of €7.9 million and an increase in store depreciation expenses of €7.7 million, partially offset by a decrease in remuneration paid to third-party sales agents of €6.1 million. Selling and distribution expense as a percentage of net turnover remained stable, equaling 18.9% for the year ended December 31, 2019 as compared to 19.1% for the year ended December 31, 2018.

General and administration expenses

General and administration expenses increased by €15.4 million, or 98.6%, to €31.1 million for the year ended December 31, 2019 from €15.6 million for the year ended December 31, 2018. This increase was primarily due to an increase of €5.3 million in management and consulting fees and travel expenses, as well as an increase of €3.6 million in administrative personnel costs as compared to the prior year, all of which were aimed at supporting the international expansion of the business.

Marketing and advertising

Marketing and advertising decreased by €0.8 million, or 9.7%, to €7.6 million for the year ended December 31, 2019 from €8.4 million for the year ended December 31, 2018.

Operating result (EBIT)

Operating result (EBIT) for the year increased by €28.7 million, or 66.7%, to €71.7 million for the year ended December 31, 2019 from €43.0 million for the year ended December 31, 2018. This increase was due to the changes in our net margin, selling and distribution expenses, general and administration expenses and marketing and advertising expenses as described above.

Financial income

Our financial income remained flat between the years ended December 31, 2019 and December 31, 2018 at €1.7 million. This reflects interest income and gains from currency exchange rate fluctuations.

Financial expenses

Financial expenses increased by €18.6 million, or 174.1%, to €29.2 million for the year ended December 31, 2019 from €10.7 million for the year ended December 31, 2018. This increase was primarily due to an increase in interest expense of €17.7 million relating to certain indebtedness of the Group that was refinanced in connection with the Acquisition.

Income taxes

Income taxes increased by €2.3 million, or 37.1%, to €8.7 million for the year ended December 31, 2019 from €6.3 million for the year ended December 31, 2018. This increase was due to taxes payable on increased profit for the period which were partially offset by deferred (prepaid) taxes.

Net result

Net result for the year increased by €7.8 million, or 28.0%, to €35.5 million for the year ended December 31, 2019 from €27.7 million for the year ended December 31, 2018. The increase was due to an increase in net margin for the year of €57.2 million for the reasons above, partially offset by increases in selling and distribution expenses, general and administration expenses and financial expenses of €47.9 million.

Liquidity and Capital Resources

Our liquidity requirements arise primarily from the need to fund our operating activities, including our trade working capital requirements, purchases of products from producers, capital expenditures, such as including store refurbishments and the opening of new DOS, and interest payments on our indebtedness. Our principal sources of liquidity have been our cash flows from operating activities, drawings under our Revolving Credit Facility and other existing debt, including finance leases. In June 2020, we took the precautionary step of drawing down funds totaling €75.0 million under the Revolving Credit Facility to preserve financial flexibility. We did not utilize any portion of such drawings and repaid €50.0 million in December 2020.

Proceeds from the Offering will be used to repay and cancel the Bridge Facility and to pay fees and expenses in connection with the Offering and the repayment and cancellation of the Bridge Facility. See "*Use of Proceeds*" and "*Capitalization*." Following the Offering and the Refinancing, we expect to fund our liquidity requirements with future cash flows from operating activities, cash holdings and, if necessary, additional borrowings under the Revolving Credit Facility.

On a *pro forma* basis as of December 31, 2020, after giving effect to the Offering and the Refinancing, we would have had €69.7 million cash and cash equivalents and €50.0 million available for drawing under the Revolving Credit Facility.

Consolidated Cash Flows

During the years ended December 31, 2018, 2019 and 2020, our consolidated cash flow was as follows.

	For the year ended		For the six months ended		For the year ended
	December 31, 2018	December 31, 2019	June 30, 2020	December 31, 2020	December 31, 2020(1) (combined)
	(€ millions)				
Cash flow generated (absorbed) by operations	**34.8**	**71.8**	**22.1**	**27.3**	**49.4**
Cash flow generated (absorbed) by investment activities	**(15.5)**	**(30.5)**	**(11.5)**	**(1,007.7)**	**(1,019.2)**
Cash flow generated (absorbed) by financial activities	**(12.4)**	**(31.7)**	**72.2**	**1,058.6**	**1,130.8(2)**
Increase (decrease) of cash and cash equivalents	**6.9**	**9.7**	**82.8**	**78.2**	—
Cash and cash equivalents at the beginning of the period	10.7	17.6	27.2	0.1	—
Cash and cash equivalents at the end of the period	**17.6**	**27.2**	**110.0**	**78.3**	—

(1) The cash flow information for the year ended December 31, 2020 is unaudited and has been calculated by adding (i) the Issuer's audited consolidated statement of cash flows for the six months ended June 30, 2020 and (ii) the Issuer's audited consolidated statement of cash flows for the six months ended December 31, 2020. We have included this Unaudited 2020 Combined Cash Flow Statement for informational purposes only to facilitate comparisons between the periods under review presented in this section. The Unaudited 2020 Combined Cash Flow Statement has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Exchange Act, the Prospectus Regulation or any other generally accepted accounting principles and has not been audited nor reviewed in accordance with International Standards on Auditing (Italy) or any other auditing standards. See "*Presentation of Financial and Other Information*."

(2) As the Unaudited Combined Cash Flow Statement combines the cash flows of the Issuer prior to and after the Acquisition, combined cash flow generated (absorbed) by financial activities for the year ended December 31, 2020: (i) includes, also in the six-month period ended

June 30, 2020, the effect of the repayment and cancellation of the existing indebtedness of the Issuer in connection with the Acquisition, which was completed before June 30, 2020 and is therefore reflected in the cash and cash equivalents held by Golden Goose S.p.A. as of June 30, 2020, which amounted to €110.0 million; and (ii) does not reflect the €0.1 million of cash and cash equivalents held by Astrum 3 S.p.A. at the beginning of the six months ended June 30, 2020.

Cash flow generated (absorbed) by operations

Cash flow generated (absorbed) by operations comprises our operating profit before interest, tax, profit/(loss) on disposals, depreciation, amortization and impairment charges, net of the movement in net trade working capital and less tax, exceptional costs paid, net interest and debt issuance costs paid.

Our Combined cash flow generated (absorbed) by operations for the year ended December 31, 2020 was €49.4 million, a decrease of €22.4 million, or 31.2%, compared to €71.8 million in the year ended December 31, 2019. This decrease was principally as a result of an increase in income taxes paid of €23.6 million as compared to the prior year and an increase in interest paid of €15.1 million as compared to the prior year, which included interest expense on the Bridge Facility and drawings under the Revolving Credit Facility, partially offset by cost control measures put in place during 2020 in response to the COVID-19 pandemic, including utilization of governmental furlough programs in EMEA and APAC, deferred taxation initiatives where available, rent renegotiation and reassessment of marketing initiatives.

Our cash flow generated (absorbed) by operations for the year ended December 31, 2019 was €71.8 million, an increase of €37.0 million, or 106.5%, compared to €34.8 million in the year ended December 31, 2018. This increase was principally a result of increased net turnover for the year ended December 31, 2019, as a result of the successful expansion of our business.

Cash flow generated (absorbed) by investment activities

Cash flow generated (absorbed) by investment activities consists of expenditure on property, plant and equipment and intangibles and amounts paid for acquisitions, less proceeds from disposals and the portion of any capital expenditure funded through finance leases.

Our Combined cash flow generated (absorbed) by investment activities for the year ended December 31, 2020 amounted to an outflow of €1,019.2 million, an increase in outflows of €988.7 million, compared to an outflow of €30.5 million in the year ended December 31, 2019. This increase in outflows was principally as a result of the Acquisition and cessation of subsidiary and business unit activity, net of cash and cash equivalents. Combined cash flow generated (absorbed) by investment activities in Tangible assets for the year ended December 31, 2020 amounted to an outflow of €15.6 million, a decrease in outflows of €1.3 million as compared to an outflow of €16.9 million for the year ended December 31, 2019. Combined cash flow generated (absorbed) by investment activities in Intangible assets for the year ended December 31, 2020 amounted to an outflow of €8.2 million, a decrease in outflows of €1.2 million as compared to an outflow of €9.4 million for the year ended December 31, 2019. These decreases in outflows were primarily due to the prioritization of essential expenditures during the period and cost control-measures put in place during 2020 in response to the COVID-19 pandemic.

Our cash flow generated (absorbed) by investment activities for the year ended December 31, 2019 amounted to an outflow of €30.5 million, an increase in outflows of €15.0 million, or 96.8%, compared to an outflow of €15.5 million in the year ended December 31, 2018. This increase in outflows was primarily due to increased investment activity commensurate to the growth in our business as compared to the prior year.

Cash flow generated (absorbed) by financial activities

Cash flow generated (absorbed) by financial activities consists of the drawdown and repayment of bank loans, finance leases and shareholder debt.

Our Combined cash flow generated (absorbed) by financial activities for the year ended December 31, 2020 amounted to an inflow of €1,130.8 million, an increase of €1,162.5 million, compared to an outflow of €31.7 million in the year ended December 31, 2019. This increase was primarily due to the Acquisition.

Our cash flow generated (absorbed) by financial activities for the year ended December 31, 2019 amounted to an outflow of €31.7 million, an increase in outflows of €19.3 million, or 155.6%, compared to an outflow of €12.4 million in the year ended December 31, 2018.

Trade Working Capital

As of December 31, 2018, 2019 and 2020, our total trade working capital was €19.0 million (10% measured as a proportion of our net turnover), €26.9 million (10% measured as a proportion of our net turnover), and €22.7 million (9% measured as a proportion of our net turnover), respectively.

With a view to expanding our business, gaining direct access to markets globally and increasing channel margins, we initiated a "retailization" strategy in 2017. We have since increased the number of directly-operated stores and have acquired and internalized wholesale distribution partners in South Korea and China. We have managed our trade working capital throughout our expansion, with our higher inventory requirements in the retail channel being partially offset by lower accounts receivable from our wholesale channel and higher trade payables. We additionally manage our trade working capital through the use of reverse factoring agreements with the aim of increasing our days payable outstanding (DPO) while taking into account the needs of our long-term and valued suppliers. Through these reverse factoring arrangements, we have successfully extended our DPOs with a number of our key suppliers and, if we are able to secure favorable terms in the future, we may seek to expand such arrangements to additional suppliers.

The following table sets forth the components of our trade working capital as of the dates indicated.

	As of December 31,		
	2018	2019	2020
	(€ millions)		
Inventory	30.1	45.4	53.3
Accounts receivable	32.3	36.5	33.7
Trade payables	(43.4)	(55.0)	(64.3)
Total	19.0	26.9	22.7

Capital Expenditures

We categorize our capital expenditures as retail capital expenditures or other capital expenditures. Our retail capital expenditures primarily consist of costs to open new DOS and refurbish existing stores. Our other capital expenditures consist of one-off projects key to the development of our growing business, such as the implementation of an enterprise resource planning system by the end of 2021. While our retail and other capital expenditures have increased over the period under review as our business has grown, our total capital expenditures as a percentage of our net turnover have remained relatively stable at approximately 9%, 10% and 7% for the years ended December 31, 2020, 2019 and 2018, respectively. In 2021, we expect to spend approximately €21 million on retail capital expenditures and approximately €9 million on other capital expenditures.

Our combined capital expenditures during the year ended December 31, 2020 were €23.8 million compared to €26.3 million during the year ended December 31, 2019, with the decrease primarily attributable to the re-assessment and prioritization of capital expenditures in 2020 as a result of the COVID-19 pandemic. Capital expenditures in 2020 comprised mostly of retail capital expenditures relating to the opening of new DOS during the 2020 financial year. However, we also made significant investments in our new headquarters facilities in Milan, Italy and regional headquarters facilities in Korea, with the smaller amount of remaining capital expenditures relating to strategic IT initiatives such as the implementation of improved customer relationship management (CRM) and enterprise resource planning (ERP) systems and e-commerce platform development.

Our capital expenditures during the year ended December 31, 2019 were €26.3 million compared to €13.9 million during the year ended December 31, 2018, with the increase primarily attributable to the retail capital expenditures relating to the opening of new DOS during the 2019 financial year. The majority of 2019 capital expenditures related to such retail capital expenditures and the refurbishment of existing DOS. However, we also made significant investments in IT projects during the year, primarily relating to the insourcing of our e-boutique which was originally developed in partnership and, prior to in-sourcing in 2019, operated in conjunction with a third party. The smaller amount of remaining capital expenditures primarily related to investments in our headquarters facilities in Italy and regional headquarters facilities in the United States.

Financial Indebtedness

Financial Obligations

The table below summarizes our material contractual obligations as of December 31, 2020, *pro forma* for the Offering and the Refinancing:

	Up to 1 year	1 to 5 years	Over 5 years	Total
		(€ millions)		
Notes offered hereby	—	—	480.0	480.0
Revolving Credit Facility(1)	—	—	25.0	25.0
Lease liabilities(2)	15.4	57.5	25.8	98.7
Total(3)	**15.4**	**57.5**	**530.8**	**603.7**

(1) Represents amounts outstanding under the Revolving Credit Facility as of December 31, 2020. In June 2020, we took the precautionary step of drawing down funds totaling €75.0 million under the Revolving Credit Facility to preserve financial flexibility. We did not utilize any portion of such drawings and repaid €50.0 million in December 2020.

(2) Represents €98.7 million of lease liabilities recorded in accordance with IFRS 16.

(3) Excludes trade payables and amounts under (i) certain reverse factoring financial liabilities (amounting to €13.2 million) in connection with payables owed to certain of our key suppliers, through which we are able to extend the payment terms of trade payables and (ii) certain business combination liabilities (amounting to €3.5 million) relating to final purchase price adjustments in connection with the Acquisition.

Off-Balance Sheet Arrangements

As of December 31, 2020, we do not have any material off-balance sheet arrangements.

Qualitative and Quantitative Disclosure About Market Risk

Financial Risk

The main financial liabilities of the Group, other than derivatives, include bank loans and financing, and trade and other payables. The main objective of these liabilities is to finance our operating activities. We have financial receivables and other commercial and non-commercial receivables, cash and cash equivalents and short-term deposits that directly originate from operating activities. We also hold derivative contracts.

Group management ensures that the activities involving financial risk are governed with appropriate corporate policies and with appropriate procedures and that financial risks are identified, assessed and managed in accordance with the requirements of our Group policies and procedures. All activities derived for risk management purposes are directed and supervised by a team of specialists with adequate knowledge and experience. Group policy prohibits the use of derivatives for trading or speculative purposes.

Credit Risk

Credit risk is the risk that a counterparty will not fulfill its obligations related to a financial instrument or to a commercial contract, thus leading to a financial loss. We are exposed to credit risk deriving from our operating activities (especially for trade receivables) and from our financing activities, including deposits with banks and financial institutions, operations in foreign currency and other financial instruments.

Commercial credit risk is managed by the policy established by the Group and according to the procedures and controls established for the management of credit risk. The credit quality of customers is assessed on the basis of an analytical credit rating sheet; individual credit limits are also established for all customers based on this assessment. Our credit management strategy provides for new customers to apply a 30% payment condition on order confirmation and the remaining 70% upfront. These payment terms are maintained for the supply of at least two seasons and then move on to an average deferred payment of 30-60 days. As of December 31, 2020, we had 19 customers with a balance greater than €0.2 million, which together represent approximately 42% of all trade receivables.

At each balance sheet date, an impairment analysis is carried out on trade receivables, using a matrix for measuring expected losses. The write-down percentages are determined based on the expired days and by grouping the receivables from customers which are characterized by similar causes of impairment (geographical area, presence of guarantees or other type of insurance). The calculation is based on the probability of credit recovery, and information on past events that are available on the reporting date, current conditions and expected market scenarios. We use insurance and credit factoring instruments, without discount receivables and solely for the purpose of credit management and insurance.

We believe that the risk associated with the concentration of trade receivables and contract activities is low, as its customers are located in different countries and operate in largely independent markets.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that must be settled by delivering cash or another financial asset. We monitor the risk of a liquidity shortage by using a liquidity planning tool. Our objective is to maintain a balance between continuity in the availability of funds and flexibility of use through the use of instruments such as bank overdrafts, bank loans, bonds, preference shares, leasing contracts.

Exchange Rate Risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial asset or liability will change as a result of changes in exchange rates. As we operate internationally, our exposure to exchange rate risk arises as a result of our operating activities (when revenues or costs are denominated in a foreign currency) and to our net investments in foreign subsidiaries, and we are primarily exposed to foreign exchange risk with respect to the U.S. dollar and Korean won.

When derivatives are entered into for hedging purposes, we negotiate the terms of these derivatives so as to match them with the terms of the hedged exposure. When hedging against future expected transactions, derivatives cover the exposure period from the moment in which the cash flows of the transactions are expected at the time of payment of the resulting credit or debt denominated in foreign currency.

We preliminarily define the amount of exchange risk on the basis of the budget for the period and subsequently hedge this risk gradually, during the course of the order acquisition process, to the extent that orders correspond to budget forecasts. Hedging is carried out through specific forward currency sales contracts. The balance of forward currency contracts varies with the change in the volume of sales expected in foreign currency and with changes in forward exchange rates.

To test the effectiveness of our hedges, we use a method based on the determination of a hypothetical derivative that compares the changes in the fair value of the hedging instruments with changes in the fair value of the hedged instruments relating to the hedged risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will change due to changes in market interest rates. Our exposure to the risk of changes in market interest rates is primarily related to long-term debt with variable interest rates.

We manage our interest rate risk through a balanced portfolio of loans and financing at fixed and variable interest rates. To manage this, we enter into cap contracts and interest rate swaps (IRS), by which we agree to exchange, at specified intervals, the amount of the difference between the fixed rate and the variable rate calculated by reference to an agreed amount of notional capital. These swaps are designed to hedge the underlying debt.

Given the level of the EURIBOR rates at the reporting dates (negative) and the presence of 0% floors on our floating rate indebtedness, the effect of reasonably likely changes in EURIBOR rates would not have a material economic impact on our financial condition.

Significant Accounting Estimates and Assumptions

Our Audited Consolidated Financial Statements are prepared in accordance with IFRS. Preparation of our consolidated financial statements requires management to make judgments, estimates and assumptions about the future that affect the application of our accounting policies and the amounts of assets, liabilities, income, expenses, provisions and disclosure of our contingent liabilities reported in our consolidated financial statements; estimates and judgments must also be made with regards to fair value valuations of financial assets and estimations of future cash flow amounts. These estimates, though believed to be reasonable under the circumstances at the time they are made, are necessarily based on assumptions and factors with varying degrees of uncertainty, and actual results may differ from our estimates due to unforeseeable changes in the conditions and circumstances of the business.

Our accounting policies are more fully described in the "Significant Estimates and Assumptions" sections of our Audited Consolidated Financial Statements included elsewhere in this Offering Memorandum. We believe the following policies to be the most significant policies that require management to consider matters that are inherently uncertain or to make subjective and complex judgments.

Impairment of non-financial assets

At each balance sheet date, we assess whether there are indicators of impairment in value for all non-financial assets that require an impairment test; in any case, at least annually, goodwill and intangible assets with an indefinite useful life are subjected to impairment tests. If the asset is impaired, the book value is aligned with the recoverable amount. An impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the greater of its fair value less costs to sell and its value in use. The fair value less selling costs is the amount obtainable from the sale of an asset or a cash-generating unit in a free transaction between knowledgeable and willing parties, less the costs of the disposal. The calculation of the value in use is based on a model of discounting of cash flows. Cash flows are derived from the budget of the following four years and do not include restructuring activities for which the Group has not yet committed or significant future investments which will increase the results of the activity included in the cash flow generating unit subject to rating. The recoverable amount depends significantly on the discount rate used in the discounting model of the cash flows, as well as on the cash flows expected in the future and on the growth rate used for the extrapolation.

Stock option plans

In accordance with IFRS 2—*Share-Based Payment*, equity incentive plans require the determination of the fair value of the instruments assigned to employees, determined according to valuation techniques based on the economic-financial projections of the plan, as well as on assumptions about discount rates.

Leases—Estimates of the incremental borrowing rate

As the implicit interest rate of most rental contracts is difficult to determine, we utilize an incremental borrowing rate (IBR) to measure lease liabilities. The incremental borrowing rate is the interest rate that the lessee should pay for a loan, with a duration and with a similar security, necessary to obtain an asset of similar value to the asset consisting of the right of use in a similar economic context. The IBR therefore reflects the rate that we would otherwise have to pay, which requires us to estimate when relevant data is not observable or when rates need to be adjusted to reflect the terms and conditions of the lease. Where necessary, estimates of IBR are made on the basis of observable data (such as market interest rates), if available, and entity-specific estimates on credit ratings.

Significant judgments in determining the lease terms of contracts that contain extension options

We determine the duration of a lease as the non-cancellable period of the lease, to which we add either the periods covered by the lease extension option if there is reasonable certainty to exercise this option, or the periods covered by the lease termination option if there is reasonable certainty that such option will not be exercised. Some of our leases optionally allow us to extend the lease for further periods, usually between three and five years. We apply judgment in assessing whether we are reasonably certain that such renewal will be exercised. Nevertheless, we consider all identified factors that may provide an economic incentive to exercise the renewal. After the commencement date, we re-evaluate the duration of the lease in the event that a significant event or significant change occurs in circumstances that are under our control and may affect our ability to exercise (or not to exercise) the renewal option (for example, a change in business strategy). We include the renewal period as part of the duration of property rents given the significance of these activities in our operations. These leases have a relatively short non-cancellable period (three to six years), and where replacement assets are not immediately available, we may experience a negative effect on our operations. Renewal options for vehicle leases are not included in the determination of the duration of such leases, as we maintain a leasing policy for vehicles for a period not exceeding five years.

Application of the amortized cost method

Financial instruments measured using the amortized cost method require that we periodically review our estimates of future cash flows, for example in the event that a loan is expected to be repaid earlier than the due date. This revision of the estimate involves the recalculation of the book value of the financial instrument based on the discounted cash flows re-determined using the effective interest rate calculated on initial recognition. The difference that arises from the change in the value of the liability due to the revision of the estimate is recognized in the profit and loss of the year.

Deferred tax assets

Deferred tax assets are recognized in accordance with IAS 12—*Income Taxes*. Our Board makes a discretionary assessment to determine the amount of deferred tax assets that can be accounted for and estimates the probable timing and amount of future tax profits, and prepares a planning strategy for future taxes.

Provisions for risks and charges

Our Board's evaluation of risks and charges requires estimation. In particular, the Board makes use of estimates and assumptions in determining the degree of probability of occurrence of an effective liability and, in the event that the risk was assessed as probable, in determining the amount to be set aside for the identified risks.

Revenue recognition—Estimates of the variable fee for returns

We have developed a statistical model for forecasting returns on sales. The model uses historical return data by season in order to quantify expected return percentages. These percentages are then applied to determine the expected value of the variable consideration. Any significant changes compared to the historical model will affect the expected return percentages estimated by the Group.

Employee benefits

The book value of defined benefit plans in the financial statements is determined using actuarial valuations, which require the development of assumptions about the discount rates, the expected rate of return on loans, future salary increases, mortality rates and the future increase in pensions. We believe that the rates estimated by the actuaries for the valuations at the year-end date are reasonable, but future significant changes in rates may have significant effects on the liability recorded in the financial statements.

Write-down provisions

The value of inventories is adjusted for the risks associated with the slow turnover of some types of raw materials and consumables.

Allowances for doubtful accounts

The allowance for doubtful accounts reflects the estimate of expected credit loss (ECL) over the entire life of trade receivables recorded in the financial statements and not covered by any credit insurance. This estimate considers the historical information available to us and expectations of future economic conditions.

The matrix is based initially on our observed historical default rates. We calibrate the matrix to refine the historical data on credit losses with forecast elements. For example, if the expected economic conditions (e.g. gross domestic product) are expected to deteriorate the following year, this may lead to an increase in the number of defaults in a given geographic market, and historical default rates are therefore adjusted. At each reporting date, historical default rates are updated and changes in estimates on forecast items are analyzed.

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in the circumstances and expected economic conditions. The historical experience of our credit losses and the forecast of future economic conditions may also not be representative of a customer's actual insolvency in the future.

New Standards and Interpretations

The principles and interpretations which, at the date of preparation of our 2020 H2 Audited Consolidated Financial Statements, had already been issued but were not yet in force, are illustrated below. We intend to adopt these principles and interpretations, if applicable, when they come into force.

The accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for financial years beginning on January 1, 2020 are as follows:

- Amendments to IFRS 16: COVID-19 Related Rent Concessions;
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IAS 1 and IAS 8: Definition of "Material";
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform;
- Amendments to IFRS 3: Definition of a Business.

Except for the Amendments to IFRS 16—*Leases*, the application of the other interpretations and amendments listed above did not have a material effect on the Group's financial statements.

On May 28, 2020, the IASB issued Amendments to IFRS 16—*Leases* ("COVID-19—Related Rent Concessions—Amendment to IFRS 16"). The Amendments allow lessees to recognize COVID-19 relief in term of forgiveness of lease payments without assessing whether these rent concessions meet the conditions of lease modifications under IFRS 16—*Leases*. The lessees who apply this option may recognize the reduction in lease payments directly in the income statement as of the date on which the relief takes effect. This amendment is applicable only if the new agreements are a direct consequence of COVID-19 and only if the following conditions are satisfied:

- the change in lease payments results in revised consideration that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- there are no substantive changes to other terms and conditions of the lease.

All accounting standards, amendments and interpretations issued by IFRS and IFRIC for mandatory adoption in financial statements as of June 30, 2020 have been endorsed by the European Union.

The accounting IFRS standards, amendments and interpretations not yet endorsed by the European Union include:

- “Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current” issued by IASB on January 23, 2020. The amendments will take effect on January 1, 2023;

- “Amendments to IFRS 3 Business Combinations”, “Amendments to IAS 16 Property, Plant and Equipment,” “Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets” and “Annual Improvements 2018-2020” issued by IASB on May 14, 2020. All of the amendments will take effect on January 1, 2022.

- “Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies” issued by IASB on February 12, 2021. The amendments will take effect on January 1, 2023.

- “Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates” issued by IASB on February 12, 2021. The amendments will take effect on January 1, 2023.

- “Proposed amendments to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond June 30, 2021” issued by IASB on February 11, 2021. The amendments will take effect on April 1, 2021.

The Board is currently assessing the impact that the introduction of these amendments might have.

INDUSTRY

Certain of the information set forth in this section has been derived from external sources, including information from (i) management analysis and estimates prepared in connection with the Acquisition and (ii) market studies in relation to the luxury goods market published by Bain & Company in each of November 2020, 2019 and 2018 (the "2020 Bain Altagamma Luxury Study", the "2019 Bain Altagamma Luxury Study" and the "2018 Bain Altagamma Luxury Study", respectively). Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but some of the information may have been derived from estimates or subjective judgments or may have been subject to limited audit or validation. While we believe this market data and other information to be accurate and correct, we have not independently verified it. Furthermore, such estimates or judgments, particularly as they relate to expectations about our markets and industry, involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Risk Factors" and "Forward-Looking Statements" elsewhere in this Offering Memorandum. The projections and other forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. Expectations about our markets and industry, projections and other forward-looking statements derived from the 2020 Bain Altagamma Luxury Study do not reflect any disruption due to the COVID-19 pandemic beyond 2020, and all other information set forth herein has been derived from reports and market studies prepared prior to the COVID-19 pandemic which do not reflect the significant impact the COVID-19 pandemic has had and may continue to have on our industry. See "Presentation of Industry and Market Data", "Risk Factors" and "Forward-Looking Statements."

Golden Goose is a global luxury fashion brand specialized in the sourcing, design and distribution of a "total look" product offering, primarily consisting of footwear, in particular, sneakers, but also including ready-to-wear apparel as well as bags and other accessories. We sell high-quality products through selective wholesale, retail and e-commerce distribution channels.

We operate in the personal luxury goods segment of the global luxury market. More specifically, we are a specialist sneakers company in the luxury sneakers segment of the luxury shoes market. Our competitors in the luxury sneakers segment consist of: luxury shoes specialists (such as Christian Louboutin and Jimmy Choo), luxury sneakers specialists (such as Buscemi and Common Projects) and lifestyle brands (such as Balenciaga and Gucci).

Global luxury market

The global luxury market contracted by an estimated 20-22% (at current exchange rates) to an estimated €1.0 trillion in 2020, with contraction experienced across all segments, whereas in the prior year, the global luxury market grew by an estimated 4% assuming constant exchange rates (8% at current exchange rates) to an estimated €1.3 trillion, with positive performance across most segments (sources: 2020 Bain Altagamma Luxury Study and 2019 Bain Altagamma Luxury Study).

The global luxury market comprises nine different segments: (i) personal luxury goods (the segment in which we operate); (ii) luxury cars; (iii) luxury hospitality; (iv) fine wines & spirits; (v) gourmet food & fine dining; (vi) high-end furniture & housewares; (vii) fine art; (viii) private jets & yachts; and (ix) luxury cruises.

The chart below shows the estimated year-over-year growth of each segment of the global luxury market from 2019 to 2020:

Year-over-year (YOY) growth from 2019 (actual) to 2020 (estimated)

Category	Personal luxury goods	Luxury cars	Luxury hospitality	Fine wines & spirits	Gourmet food & fine dining	High-quality design furniture & homeware	Fine art	Private jets & yachts	Luxury cruises	Total
Growth	(21) - (25) %	(8) - (10) %	(55) - (65) %	(10) - (13) %	(15) - (17) %	(10) - (12) %	(35) - (40) %	(10) - (12) %	(65) - (75) %	(20) - (22) %

Source: 2020 Bain Altagamma Luxury Study.

Note: Growth shown at current exchange rates.

Personal luxury goods market

In 2020, the personal luxury goods market is estimated to have contracted by 22% assuming constant exchange rates (23% at current exchange rates), reaching an estimated market value of €217 billion, whereas in the prior year, the personal luxury goods market grew by 4% assuming constant exchange rates (7% at current exchange rates), reaching a market value of €281 billion. Within the personal luxury goods market, we compete in the luxury sneakers segment, which has historically grown faster than the overall personal luxury goods market, with a CAGR of 17% from 2010 to 2019 as compared to a CAGR of 6% for the overall personal luxury goods market during the same period.

Between 2018 and 2019, the personal luxury goods market experienced sustained growth in Asia, with mainland China growing by 26% (at constant exchange rates) to reach €30 billion in 2019, sustained by governmental policies and the repatriation of consumer spending (including from Hong Kong). Chinese customers accounted for 90% of the global personal luxury goods market growth and 35% of luxury goods sold by value worldwide in 2019. In 2020, mainland China again experienced strong growth of 48% (at constant exchange rates) to a market size of €44 billion, with high local consumption across channels, categories, price points and generations. Chinese customers accounted for an estimated 27-29% of luxury goods sold by value worldwide in 2020. In contrast, Asia (excluding mainland China and Japan) contracted by 34% (at constant exchange rates) in 2020, with Hong Kong and Macau especially underperforming. Japan also contracted by 25% (at constant exchange rates) in 2020 with low consumer spending, but certain brands proved resilient.

Europe remains a key region for the personal luxury goods market and grew by an estimated 1% (at constant exchange rates) from 2018 to 2019, reaching a market size of €88 billion in 2019, with mixed performance across the region. On the one hand, Spain and the United Kingdom experienced solid growth due to an increase in tourism levels in Spain and the depreciation of the pound sterling in the United Kingdom. On the other hand, Germany was negatively impacted by a slowing economy, while France was negatively affected by social unrest in early 2019. However, Europe contracted by 36% (at constant exchange rates) and had a market size of €57 billion in 2020, mainly due to a decline in tourism, lockdowns and low consumer confidence.

The Americas also remained a key region for the personal luxury goods market, with a market size of €84 billion in 2019. The Americas remained stable (at constant exchange rates) from 2018 to 2019 mainly due to rising disposable income driving total consumption in the United States, which was offset by the strong U.S. dollar, which combined with the U.S.-China trade war, negatively impacted tourism, lower numbers of Chinese tourists visiting Canada and socio-economic tensions in Brazil and Mexico. The Americas contracted by 26% (at constant exchange rates) in 2020, to a market size of €62 billion, but has since recovered faster than expected.

The personal luxury goods market contracted in the rest of the world between 2018 and 2020. In particular, the rest of the world contracted by 20% (at constant exchange rates) between 2019 and 2020, with the Middle East generally less impacted than other regions due to shorter lockdowns and repatriation of spending, while Australia contracted earlier due to additional negative impact of wildfires early in 2020.

The global personal luxury goods market is expected to grow at a rate of between 3% and 5% per year through 2025, reaching between €330 billion and €370 billion in total market size, according to the 2020 Bain Altagamma Luxury Study. The luxury sneakers market, which is the segment in which we compete, is expected to continue to grow faster than the overall personal luxury goods market during this same period, with an expected CAGR of between 8% and 10% (management elaborations and analysis). The future growth of the personal luxury goods market is expected to be largely driven by Chinese customers (in China), increased volumes through the online channel and spending from younger generations. More specifically, the value of the personal luxury goods market in China is expected to grow most significantly through 2025 as compared to other regions, and Chinese customers are expected to account for between 26% to 28% of luxury goods sold worldwide by 2025.

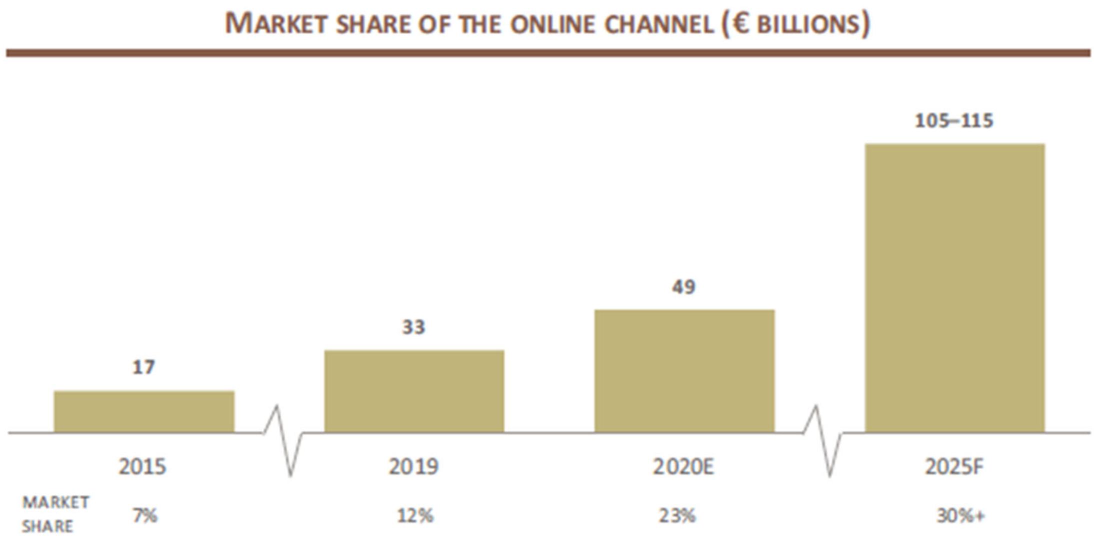
The graph below show the projected value of the personal luxury goods market until 2025 on a total basis (with figures for 2020 presented on an estimated basis and figures for 2021 and 2025 on a forecasted basis):

Source: 2020 Bain Altagamma Luxury Study

Generation Y or "millennials" (those born between 1984 and 1996) are expected to keep playing an important role in the personal luxury goods market, increasing their share of overall luxury purchases over time to an expected 45-50% share of luxury purchases in 2025 (compared to 36% in 2019). A new age group, Generation Z (those born in 1997 or later), which represented 8% of the overall market in 2019, is expected to play an increasing role in shaping the personal luxury goods market with an expected share of over 20% of luxury purchases in 2025.

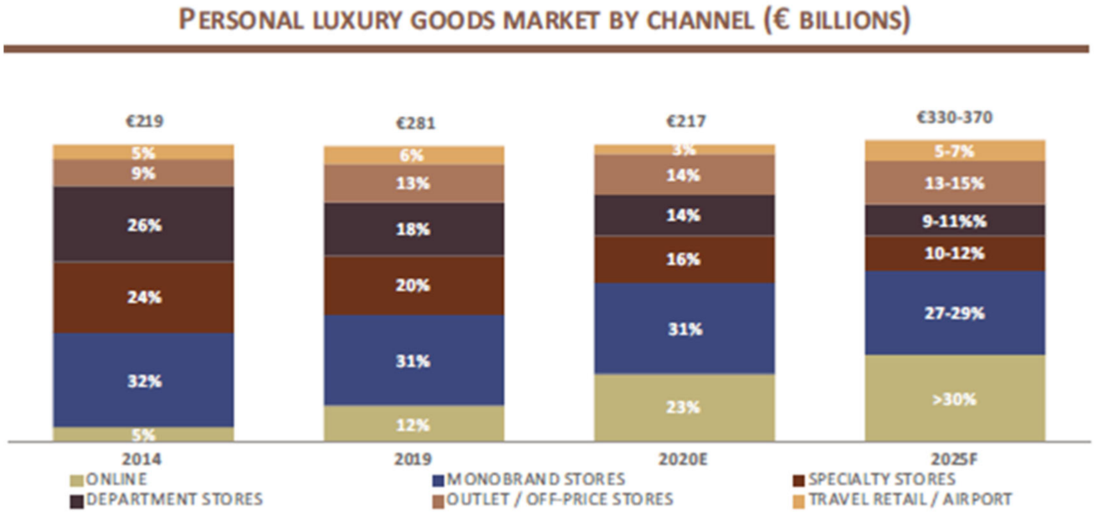
During the COVID-19 pandemic, national lockdowns have restricted customer access to in-store channels, leading to increased traffic in purchases through online channels. The online channel of the personal luxury goods market nearly doubled its market share, from 12% of the overall market in 2019 to an estimated 23% of the overall market in 2020, and is expected to further increase its market share to 30% by 2025. New technologies, such as mobile phone technologies and social media, are expected to further expand and enrich digital shopping experiences and increase connectivity with consumers. Although the COVID-19 pandemic has accelerated the shift towards the online channel, other channels are expected to recover at least partially when the pandemic subsides. In-store channels are expected to continue to account for the majority of the value of the personal luxury goods market: the travel retail channel, which has been significantly affected by the decline in global travel during the COVID-19 pandemic, is expected to recover; the outlet channel is expected to increase in value to above pre-pandemic levels by 2025; and the role of directly-owned monobrand stores is expected to shift towards customer-centric spaces aimed at maximizing the customer experience, increasing the value of the channel.

The chart below shows the market share of the online channel of the personal luxury goods market (with the figure for 2020 presented on an estimated basis and figures for 2025 on a forecasted basis):

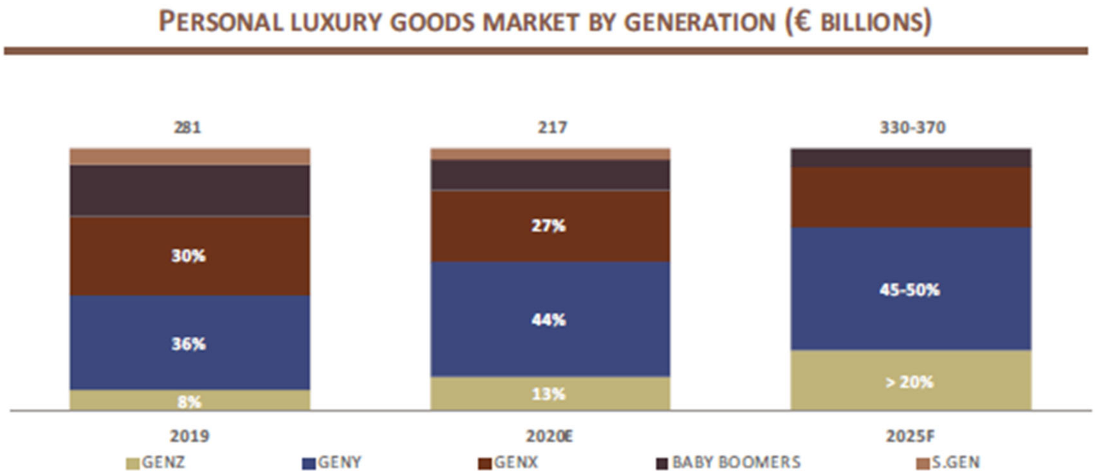


Source: 2020 Bain Altagamma Luxury Study

The graphs below set forth the evolution in the segmentation of the personal luxury goods market by channel in 2014, 2019, 2020 and 2025, as well as its segmentation by generation between 2019 and 2025 (with figures for 2020 presented on an estimated basis and figures for 2025 on a forecasted basis):



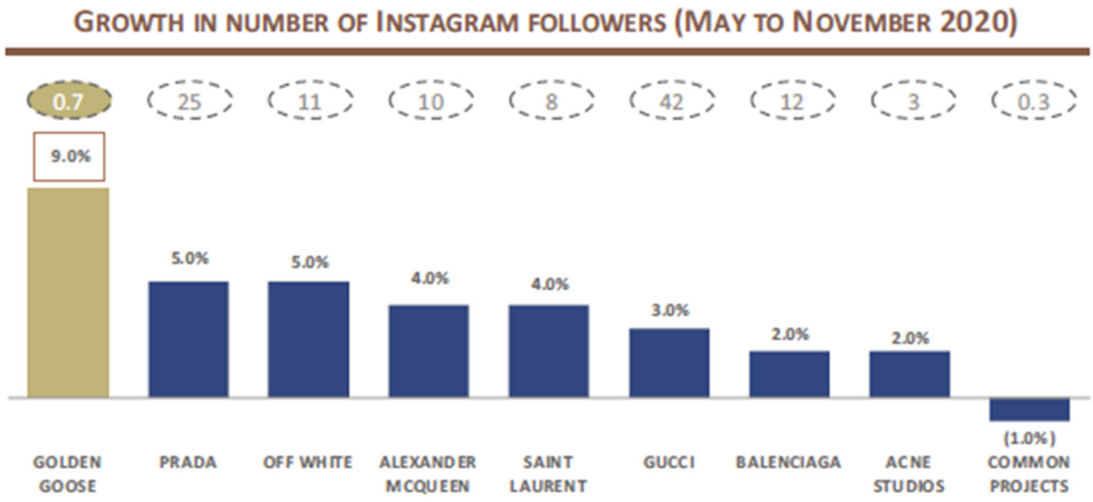
Source: 2020 Bain Altagamma Luxury Study, 2019 Bain Altagamma Luxury Study and 2018 Bain Altagamma Luxury Study.



Note: Range of birth year by generation : Silent: 1928 - 1945, Baby Boomers: 1946 - 1964, Gen X: 1965 - 1980, Gen Y: 1981 - 1995, Gen Z: 1996 - 2015

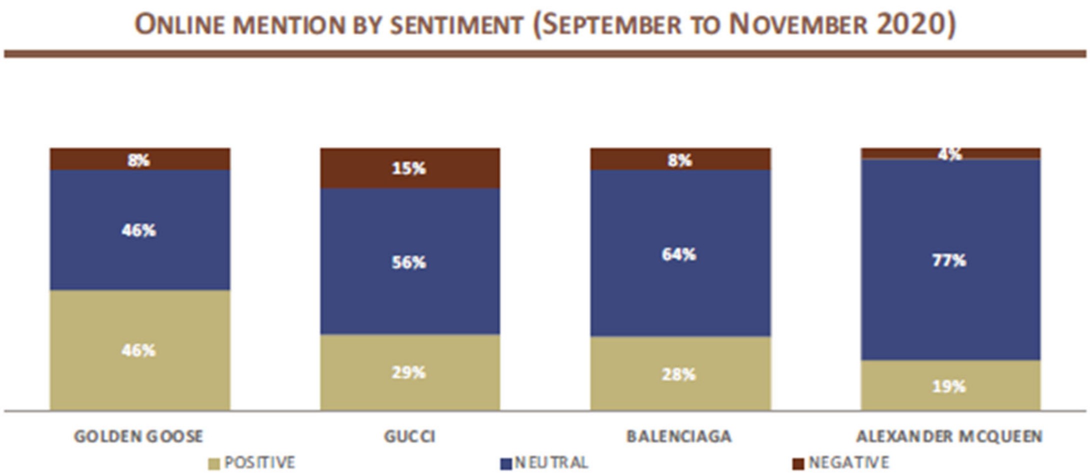
Source: 2020 Bain Altagamma Luxury Study.

Within the online channel, we have a leading position relative to peers. The chart below compare the growth in number of followers on Instagram for Golden Goose and other well-known luxury brands:



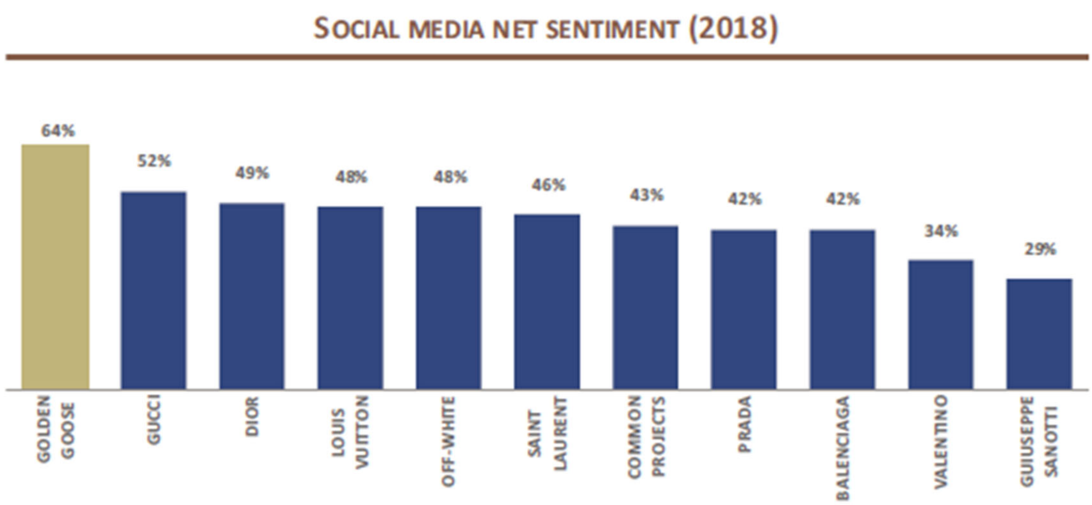
Source: Management analysis and estimates.

The chart below compares the volume of online mentions by positive, negative or neutral sentiment of Golden Goose and other well-known luxury brands:



Source: Management analysis and estimates.

The chart below compares the social media 'net sentiment' (meaning the percentage of positive reviews less the percentage of negative reviews) of Golden Goose and other well-known luxury brands:



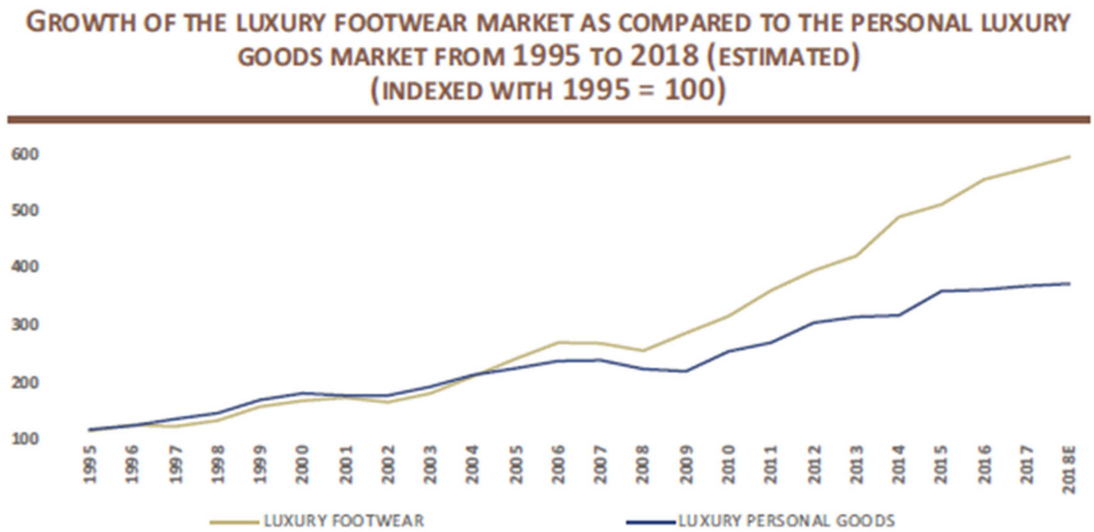
Note: Based on an analysis on Twitter, Facebook and Instagram posts citing @brand, #brand and variations on the hashtags.

Source: Management analysis and estimates.

Luxury footwear market

The estimated size of the luxury footwear market was approximately €19 billion in 2020. Although the COVID-19 pandemic negatively impacted the level of consumption in 2020, the luxury footwear market proved strong relative to other categories of personal luxury goods such as watches or apparel. In 2019, the estimated size of the luxury footwear market was approximately €21 billion (representing approximately 7% of the total personal luxury goods market by value), having grown at a CAGR of 9% from 2010 to 2019 as compared to a CAGR of 6% for the overall personal luxury goods market during the same period.

The graph below compares the growth of the luxury footwear market to the growth of the personal luxury goods market from 1995 to 2018 (with figures for 2018 presented on an estimated basis):



Source: Management analysis and estimates.

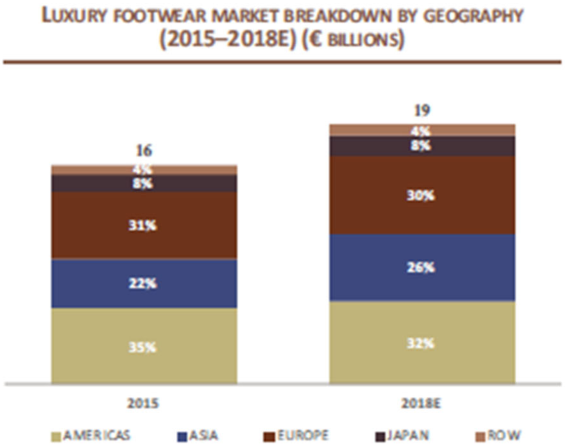
The luxury footwear market is diversified across geographical regions, with Asia being the fastest growing region (2015 to 2018 CAGR estimated at approximately 11%), followed by Japan (2015 to 2018 CAGR estimated at approximately 9%); while Europe, the Americas and the rest of the world experienced a more modest growth (2015 to 2018 CAGR estimated at approximately 5%, approximately 4% and approximately 4%, respectively). The luxury footwear market has a larger women's segment (estimated at approximately 68% of the luxury footwear market by value in 2018), which grew at twice the rate of the men's segment (2015 to 2018 CAGR estimated at approximately 8% for the women's segment as compared to approximately 4% for the men's segment).

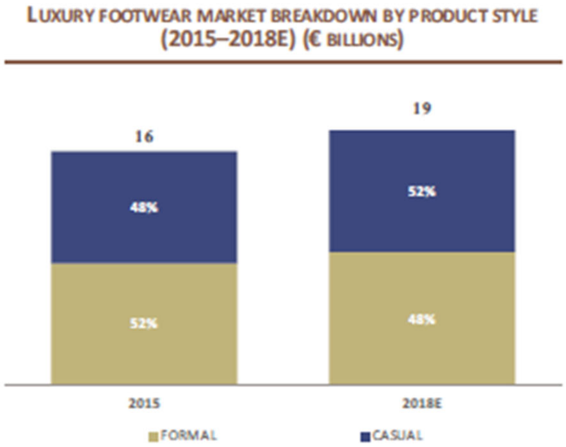
The online channel is increasingly important in the luxury footwear market with an estimated penetration of approximately 23% in 2018. From 2015 to 2018, the online channel grew at a CAGR of 22%, with the Americas being the largest regional contributor to total online market value (estimated at approximately 60% in 2018), followed by Europe (estimated at approximately 30% in 2018).

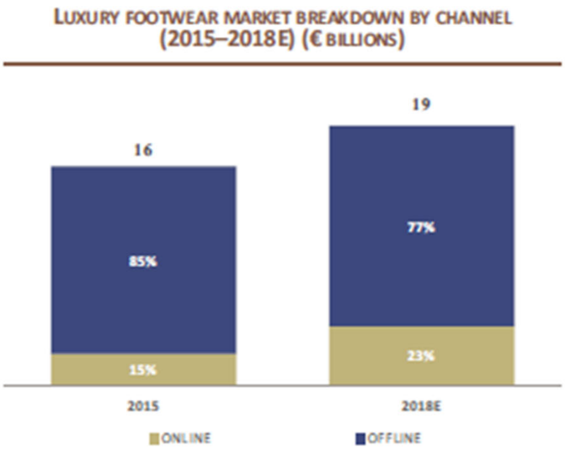
The luxury footwear market is evenly split among product styles, with approximately 52% of estimated 2018 sales by value generated by casual footwear (as compared to approximately 48% for formal footwear). Casual footwear grew at an estimated CAGR of approximately 9% from 2015 to 2018, as compared to approximately 4% for formal footwear.

In 2020, casual footwear proved to be more resilient than formal footwear during the COVID-19 pandemic, contracting to a smaller degree in the first half of the year and partially recovering in the second half of the year.

The graphs below present a breakdown of the luxury footwear market by geography, product style and channel between 2015 and 2018 (with figures for 2018 presented on an estimated basis):







Source: Management analysis and estimates.

The growth of the luxury footwear market over the last decade has been driven by several consumption trends:

- **"Casualization" and "sneakerization"**

Since the 1990s, a clear trend of "casualization" can be identified in consumers' luxury footwear purchasing patterns, shifting from formal footwear to more casual and comfortable products (such as flats and loafers). Since 2010, this "casualization" trend further evolved into "sneakerization," as consumers of all ages now seek versatile $^{24}/_{7}$ sneakers suitable for daily life that may be worn both in formal and casual settings. As boundaries between luxury and non-luxury categories blurred, luxury brands started to embrace sneakers as a luxury product category in the mid-2000s, and the "sneakerization" phenomenon fueled the growth of the luxury sneakers market and, consequently, of the overall luxury footwear market.

Customers are increasingly asking for more comfortable and versatile products that can be worn on a variety of different occasions and the need for $^{24}/_{7}$ day-to-night footwear has increased. Comfort has become more important for many luxury consumers across different generations as they increasingly prioritize well-being, are less willing to sacrifice comfort and no longer view comfort as detracting from the overall polished look of an outfit.

We believe that, during the COVID-19 pandemic, the "casualization" trend has benefited from the shift to working from home, a reduction in the number of formal events and a renewed customer focus on health and wellness, with an increase in demand for athleisure and activewear.

- **Increasing sophistication of luxury footwear consumers**

As luxury footwear has increased in relevance within the broader personal luxury goods market, luxury footwear consumers have become increasingly opinionated, knowledgeable and sophisticated, looking for distinctive and fashionable products, as well as high-quality materials, valuing craftsmanship and artisanship. Product and material quality, style and fit are key factors in driving purchases of luxury footwear.

- **Product customization**

A growing number of brands offer personalized services as well as highly customized products, to attract high-end consumers, create a more intimate relationship with consumers and allow their customers' own individual identities to resonate with the brand identity.

Product customization is an industry trend which includes new "customer co-creative" models to enable the integration of consumer creativity and the recognition of their individual identity. For example, Golden Goose gives consumers the opportunity to meet with sneaker artisans in-store to experience Golden Goose craftsmanship and to customize their sneakers, resulting in a "1 of 1" limited edition product ("Golden Goose Lab").

- **Growth of the online channel**

The online channel is a pivotal channel for luxury footwear, as it is for instance easier to find the right size or fit for footwear online than it is for other personal luxury goods. As a result, online penetration in this market being twice that of overall personal luxury goods (approximately 23% for luxury footwear in 2018 as compared to approximately 10% for overall personal luxury goods in 2018).

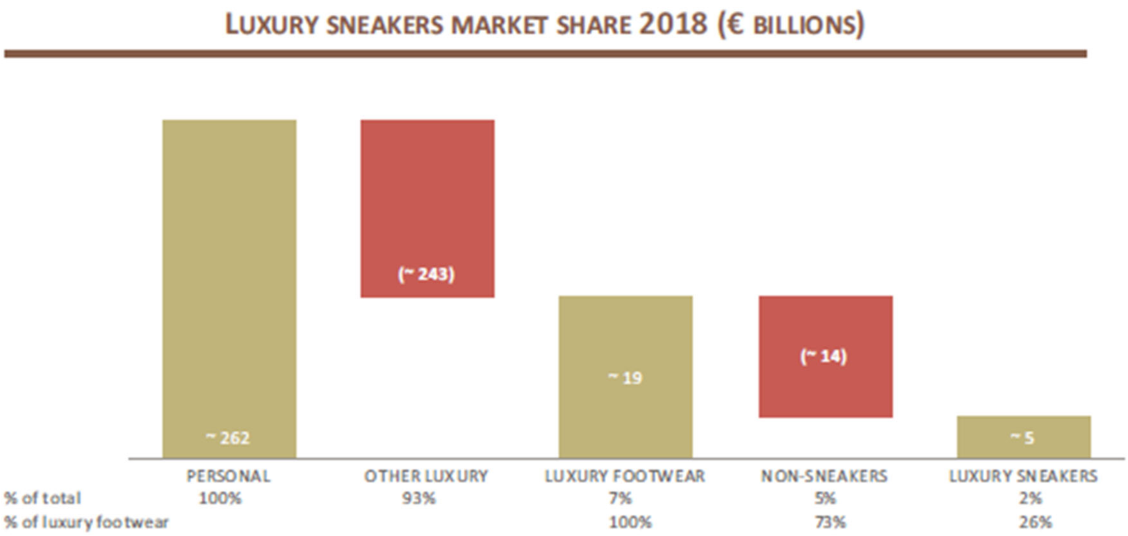
E-commerce enables companies to make their products available beyond the boundaries of their physical retail networks and to build brand awareness in new markets. By integrating the online channel with their physical retail network, including by using functions such as click-and-collect, brands are creating an omni-channel business model aimed at providing a more holistic and seamless customer experience.

Luxury sneakers market

While the first luxury sneakers appeared in the 1980s and 1990s, the luxury market embraced them only from the mid-2000s, when Golden Goose established luxury sneakers as a standalone product category with the introduction of the "Superstar" model in 2007, characterized by a traditional sneaker shape, creative use of multi-textured materials and an innovative "distressed" or vintage look.

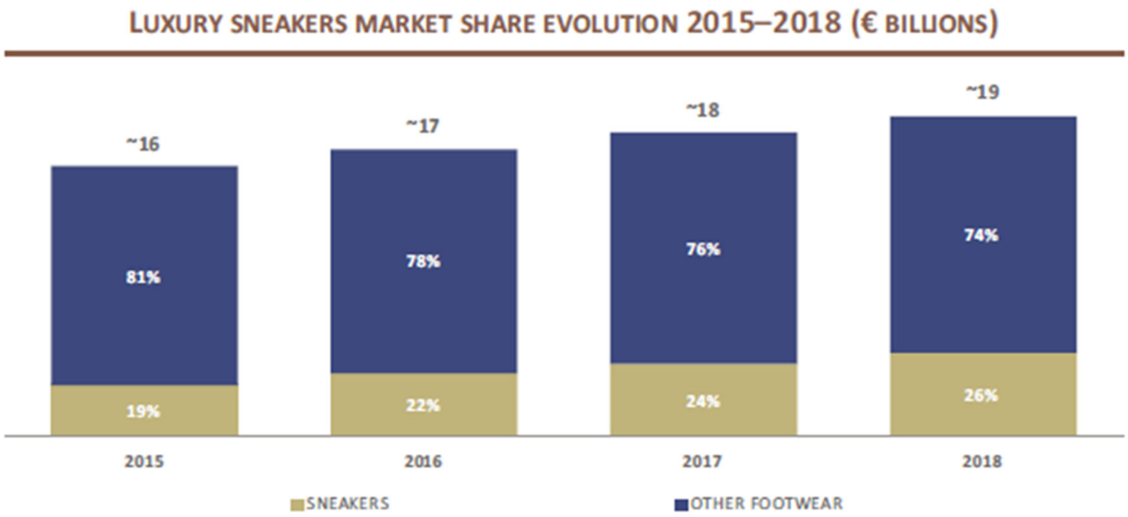
Within the luxury footwear market, luxury sneakers were worth approximately €5 billion in 2018, representing over 25% of the total luxury footwear market by value, up from approximately 15% in 2015. With an estimated CAGR of approximately 18%, the luxury sneakers market was one of the fastest-growing segments within the luxury footwear market between 2015 and 2018, growing approximately three times faster than the overall luxury footwear market. We estimate that the value of the luxury sneakers market increased to €5.5 billion in 2019, representing an estimate of approximately 27% of the total luxury footwear market by value in 2019. The luxury sneakers market is expected to continue to grow faster than the broader luxury segment through 2025, to reach approximately €9-10 billion in 2025 (with a projected CAGR for 2019 through 2025 of approximately 8-10%).

The graph below shows the market share of the luxury sneakers market in 2018, as compared to the overall personal luxury goods market and as compared to the overall luxury footwear market:



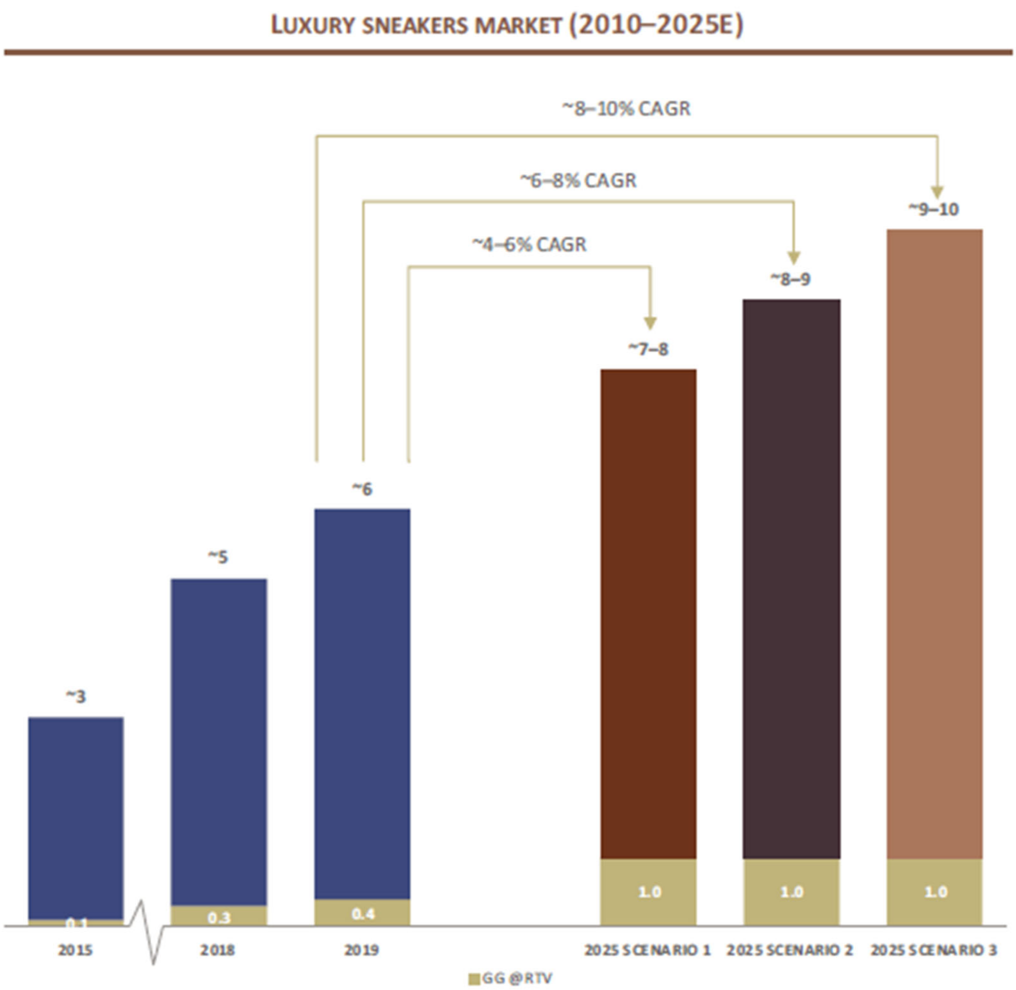
Source: Management analysis and estimates.

The graph below shows the evolution of the market share of luxury sneakers from 2015 to 2018, as compared to the overall luxury footwear market:



Source: Management analysis and estimates.

The graph below shows the value of the luxury sneakers market from 2010 to 2025 (with figures for 2025 presented on an estimated basis):



Source: Management analysis and estimates.

The luxury sneakers market is split nearly equally by gender (approximately 55% men's sneakers as compared to approximately 45% women's sneakers), with the women's segment representing a smaller share of the wider luxury footwear market (approximately 43% of men's luxury shoes are sneakers, compared to 17% of women's) given the range of comfortable $^{24}/_{7}$ alternatives available (such as slides, loafers and ballerinas).

The "sneakerization" trend has also impacted luxury online platforms, with such platforms increasing their sneakers offering over the last few years, now representing over 50% of men's total footwear offering and 15-23% of women's total footwear offering. Additionally, sneakers today represent a high percentage of diversified lifestyle brands' footwear offering, with men's collections being almost entirely "sneaker-centered" (for example, Alexander McQueen sneakers represented over 80% of its total men's footwear offering on the Farfetch luxury fashion retail website as of May 2019).

The expected strong growth of the luxury sneakers market through 2025 is supported by the market's key characteristics:

- Normalization in casualization, with sneakerization as a direct consequence of this feature;
- Online channel giving global and higher visibility to the sneaker category, and expected to represent 30-35% of the luxury sneakers market by value by 2025;
- Customization and selective merchandising as drivers of demand across markets, easily matching with the sneaker category;
- "Mass uptrade" with companies expanding their offering into the higher-priced end of the market and companies acclimatizing consumers to relatively higher prices (*e.g.*, Yeezy); and
- Behaviors and purchasing patterns of Generation Y and Generation Z (whose values are in with our brand identity) are expected to deliver approximately 180% of future market growth from 2019 to 2025.

Competition

Golden Goose sets itself apart as the third-largest company in the growing luxury sneakers market, having increased its market share from 2% in 2010 to an estimated 7% in 2019, based on management analysis and estimates. In terms of gender distribution, Golden Goose has a higher market share for the women's segment (an estimated 11% market share for the women's segment as compared to 3% market share for the men's segment in 2018), which we believe shows upside potential for the men's segment given the nearly equal gender split of the underlying luxury sneakers market.

Our main competitors are moderately concentrated, with Golden Goose and four of our main competitors accounting for approximately 40% of the overall luxury sneakers market by value. We differentiate ourselves from our main competitors by positioning ourselves as a brand with a distinctive selling proposition as an established luxury sneakers company, whereas our closest competitors are mostly luxury brands that have invested and expanded their product offering to include sneakers.

The market is populated by the following main categories of competitors: luxury footwear specialists (either shoes or sneakers specialists) and luxury lifestyle brands.

- **Luxury shoes specialists.** Luxury shoes specialists (such as Aquazzura, Christian Louboutin, Giuseppe Zanotti, Jimmy Choo, Roger Vivier, Stuart Weitzman and Tod's) have been investing in their sneakers offering and have expanded their offering beyond formal footwear, to include sneakers and other casual footwear.
- **Luxury sneakers specialists.** Luxury sneakers specialists (such as Buscemi, Common Projects and Hogan) have established themselves in the global market by developing a specific sneaker-related brand identity that is recognizable across the full range of their product offering. Their clear and distinctive branding has enabled them to elevate the sneakers product category.
- **Luxury lifestyle brands.** Luxury lifestyle brands (such as Alexander McQueen, Balenciaga, Dior, Fendi, Gucci, Louis Vuitton, Prada, Saint Laurent and Valentino) have progressively increased the relevance of their sneakers offering as a proportion of their total footwear offering in order to reinforce their entry-level product selection, targeting younger generations with high-fashion-content styles and shapes.

Golden Goose positions itself in between luxury sneakers specialists and luxury lifestyle brands, which are the two main categories of competitors in the luxury sneakers market, and we can be regarded as a luxury lifestyle NextGen (Generation Y and Generation Z consumers) brand.

Balenciaga, Gucci and Saint Laurent are our main competitors in this sub-category that appeal to NextGen consumers. However, we believe that Golden Goose is attractively positioned with prices towards the lower end of the price-range as compared to more established luxury brands (the average price of our women's sneakers is €392, as compared to Balenciaga's €660, Gucci's €742 and Louis Vuitton's €698) and a higher number of SKUs in our sneakers' offering (277 women sneakers' SKUs, as compared to Balenciaga's 35, Gucci's 62 and Louis Vuitton's 49).

We believe that, compared to its competitors, Golden Goose has a clearly identifiable brand identity supported by its key distinctive values: made-in-Italy craftsmanship, personal style (highly customized and a "vintage look" offered by the brand) and lifestyle (as we believe style, design and fashion should be part and parcel of daily life). Golden Goose has communicated its key brand values (such as craftsmanship, originality, freedom and personal style) beyond the products themselves and has also associated the word "sneakers" with the brand.

The chart below provides a broader comparative analysis of our distinctive "entry-level luxury" price positioning in terms of the average price of women's sneakers (as measured by the sneakers' average pre-sale prices on e-commerce platforms and websites). The lower end of the price-range for sneakers includes brands such as Adidas, Nike and Vans, although their presence in the luxury sneakers segment is mainly through shoes designed in partnership with creators and influencers.

Source: Management analysis and estimates. Based on prices listed in Italy for women's sneakers.

Main Competitors

Source: Management analysis and estimates. Price point based on average of current pre-sale prices of offering on e-commerce platform and websites. 2019 Bain Altagamma Luxury Study.

We believe we are well-positioned to capture the untapped growth potential of the luxury sneakers segment, in particular in light of the expected growing contribution of younger demographics, whose values we view as strongly resonating with our brand values. In this respect, we benefit from a number of competitive strengths that set us apart as an established and differentiated luxury sneakers company.

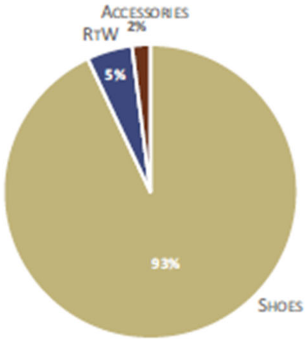
OUR BUSINESS

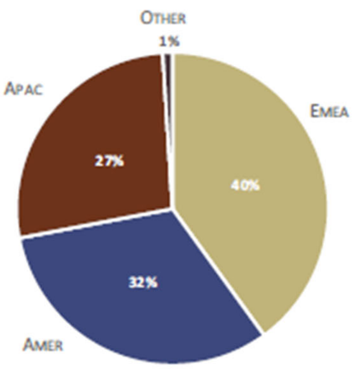
Overview

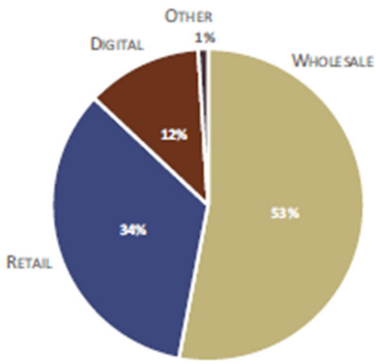
We are a global luxury fashion brand specialized in the sourcing, design and distribution of a "total look" product offering, primarily consisting of footwear and, in particular, sneakers, but also including ready-to-wear apparel as well as bags and other accessories. We believe that our distinctive and recognizable products, which include "distressed" and "vintage-feel" designs, have helped shape contemporary luxury fashion, with our products worn globally by, among others, celebrities, social media influencers and luxury product connoisseurs. In the early 2000s, we were a pioneer of both the "casualization" and "sneakerization" of the global personal luxury goods market with the creation of our signature made-in-Italy luxury sneakers, by which we helped popularize the concept of sneakers as a luxury good suitable for all occasions, whether at work or at leisure.

Founded in 2000, we have since grown to become a global luxury company, maintaining significant business operations across the Americas, EMEA (excluding Italy), Italy and APAC. For the year ended December 31, 2020, we generated €265.9 million of *Pro Forma* Net Turnover and €102.4 million of Run-Rate *Pro Forma* EBITDA, with 60% of our *Pro Forma* Net Turnover from outside of EMEA and Italy and 86% from outside of Italy, operating 126 directly-operated stores ("**DOS**") (including five duty-free stores, 14 shop-in-shop stores and eight outlets) globally. Complementing this strong physical retail network, we directly manage our own retail e-commerce channel via the Golden Goose e-boutique and proprietary Golden Goose Passport app, advanced online platforms which we believe can drive sales and enhance consumer engagement, communication and loyalty. We further maintain a selective global wholesale network, with over 900 partners worldwide across high-end multi-brand stores, departments stores and e-tailers, over which we exercise close control in terms of merchandising, branding and messaging to ensure alignment with our strategies and values. This network further complements our e-commerce presence due to our wholesalers' proprietary online capabilities.

The following charts set forth our *Pro Forma* Net Turnover for the year ended December 31, 2020 by product category, geography and distribution channel:







Note: EMEA including Italy.

We believe that, as a NextGen luxury company positioned between luxury sneakers specialists and luxury lifestyle brands, we enjoy cross-generational appeal (with customers typically between the ages of 26 and 55 years old) with our timeless design principles, while further appealing to NextGen consumers with our focus on a personalized and bespoke luxury product offering. We believe that the artisanal and hand-made nature of our products, together with our distinctive combination of high-quality materials and patina treatments, provides consumers with a distinctive experience. Notwithstanding our commitment to hand-made luxury, we sold 1.2 million pairs of shoes in 2020 (as compared to 1.2 million and 0.9 million in 2019 and 2018, respectively), which we believe demonstrated the scale, strength and resilience of our production and distribution capabilities.

In conjunction with our distinctive product offering, our comprehensive communication strategy and calibrated distribution network have helped create a brand platform that reflects the story of our company and attracts spontaneous interest and attention among our existing and potential consumers. Since we were founded, we believe that we have built strong consumer sentiment and become a "cult" brand.

Strengths

A leading company in one of the fastest-growing categories in the luxury industry

We are a leading Italian luxury brand specialized in the sourcing, design and distribution of a "total-look" product offering, primarily consisting of footwear and, in particular, sneakers, but also including ready-to-wear apparel as well as bags and other accessories. In 2020, we generated 93% of our *Pro Forma* Net Turnover from footwear, 5% from ready-to-wear apparel, and 2% from other products, such as bags and other accessories. We are a global brand with 60% of our *Pro Forma* Net Turnover generated outside of EMEA and Italy and 86% generated outside of Italy in 2020. We are the largest luxury sneakers specialist company and the third-largest company in the growing luxury sneakers market globally (in each case by net turnover), according to management analysis and estimates. In addition, we increased our luxury sneakers market share by value from 2% in 2010 to an estimated 7% in 2019, growing at a rate that was twice as fast as the wider luxury sneakers market over the same period, according to management analysis and estimates.

We believe that our success in the luxury sneakers market is primarily driven by three factors:

- **360° brand identity:** Our "Golden Goose 360°" communication strategy and selective distribution network have helped to create a respected brand identity, fostering our company values and boosting brand DNA to create a strong sense of community. By focusing on the consumer experience at every step of our communication strategy, we have created an authentic network of "brand lovers" across the globe;

- **Specialization and authenticity:** Having been a pioneer in the luxury sneakers category since the mid-2000s, we have reached an established and specialized position in this market on the basis of (i) high-quality product and design, combined with a local production network of Italian craftsmen and artisans, globally recognized by our consumer base and (ii) endorsement by celebrities and promotion by influencers around the world to whom we occasionally gift our products;

- **Distinctive point of view:** Through the recognizable shapes, high-quality materials and branding of our sneakers, we have established a timeless design and aesthetic that can be immediately associated with our brand identity. Building upon this aesthetic, we produce distinctive and bold designs that provide consumers with a bespoke, highly-tailored experience, which strongly appeals to our customer base.

We are positioned in the luxury sneakers market, which in 2019 had an estimated value of approximately €6 billion in 2019 and represented approximately 29% of the luxury footwear market by value. The luxury sneakers market has grown at a CAGR of 17% from 2010 to 2019 as compared to 9% for the overall luxury footwear market. Furthermore, growth in the luxury sneakers market is expected to continue to outpace growth in the overall personal luxury goods market mainly driven by NextGen consumers, who represent over 50% of Golden Goose customers. We believe that the growth of the overall luxury footwear market is underpinned by the following key long-term consumption trends:

- **"Casualization" and "sneakerization":** Since the 1990s, luxury footwear consumers have shifted their purchasing patterns towards more comfortable and casual footwear, such as sneakers and flats. Since 2010, this trend has further evolved into the "sneakerization" phenomenon, as consumers of all ages now seek versatile $^{24}/_{7}$ sneakers that can be worn in both casual and formal settings and on a variety of different occasions, without compromising on luxury quality and appearance.

- **Increasing consumer sophistication:** Consumers have become increasingly opinionated, knowledgeable and sophisticated with regards to sneakers as compared to other product categories (such as bags and ready-to-wear apparel), looking for distinctive and fashionable products such as ours.

- **Product customization:** Luxury consumers now desire more distinctive products and personalized experiences. Newly developed "co-creative" business models offer customized experiences with an exclusive feel that allow brands in the industry to provide the customer with an immersive in-store experience. For example, we offer the "Golden Goose Lab" concept, launched in Milan and rolled out globally in Tokyo, Dubai, Beijing and Hong Kong, which allows our customers, together with our in-store artisans, to customize their sneakers in-store by selecting one of three levels of patina treatment (light, medium or strong), as well as accessories to embellish their sneakers. We also offer the "Sneakers Maker" service, a more portable and low-cost version of the "Golden Goose Lab" concept created for stores with a smaller physical footprint and for our key wholesale clients.

- **Online growth:** In 2018, approximately 23% of luxury footwear was sold online as compared to 10% of total personal luxury goods. E-commerce platforms are expected to become increasingly strategically important to luxury brands as they provide additional points-of-contact through which consumers discover luxury brands. We are already experiencing this trend through our e-commerce platform, with our digital distribution channel experiencing year-on-year net turnover growth of 105% between 2019 and 2020.

Unique brand identity benefiting from an engaged and loyal customer base

Golden Goose was founded in 2000 and, since the introduction of its luxury sneakers in 2007, has achieved strong international growth and global recognition. While luxury sneakers first appeared in the 1980s and 1990s, the luxury market embraced them only from the mid-2000s, when Golden Goose established luxury sneakers as a standalone category with the introduction of the "Superstar" model in 2007, characterized by a traditional sneaker shape, creative use of multi-textured materials and an innovative "distressed" look. A third-party customer survey of approximately 3,000 consumers reported that 58% of respondents believe that our Superstar sneakers are, or have the potential to become, an "iconic" personal luxury product, higher than that of any other luxury footwear product.

By producing distinctive designs, we capitalize on our brand identity that consumers associate with our brand values, such as: craftsmanship, originality and personal style. Furthermore, by emphasizing art and travel through showroom installations, catalogues and digital content (such as proprietary online travel guides), we have been able to translate our brand values into a marketing strategy based on the following pillars: the consumer experience; one-to-one consumer attention; online community engagement; and promoting cross-fertilization between our products and other domains.

Research surveys have shown that consumers recognize our brand values, with consumers designating product style, trust in the brand and product quality as our top three brand attributes. Our customers are loyal to the brand and tend to become collectors, demonstrating a willingness to make repeat purchases. According to management analysis and estimates, 26% of our customers own three or more pairs of our sneakers and, according to a survey we commissioned of approximately 1,500 respondents conducted across our four leading geographies (Italy, USA, China and South Korea) in June 2019, 78% of consumers would buy our sneakers again and 75% of consumers would buy our non-sneaker products again. A panel of 21 industry experts, interviewed in 2019, stated that we have built top-tier consumer sentiment, having become a number two top-of-mind sneaker brand for women, and a number three top-of-mind sneaker brand for men. Since we were founded, we have become a global "cult" brand, endorsed by celebrities and promoted by influencers around the world to whom we occasionally gift our products.

Source: Management analysis and estimates. Data from an interview of 21 experts of wholesale, buying, merchandising and supply chain personnel across EMEA, the United States, China and South Korea in our industry (including 10 competitors) conducted in 2019.

Memorable product design with differentiated positioning in the industry

Since the creation of our iconic Superstar sneaker in 2007, consumers have associated our products with four key product characteristics:

- **Timeless:** the shapes of our sneaker models, combined with our signature "vintage look," represent classic sneaker style that we believe have demonstrated their resilience to disruptive and temporary fashion trends;

- **Ageless:** our sneakers appeal to all generations, benefitting from the cross-generational casualization trend associating fashionability with comfort;

- **Seasonless:** we believe our sneakers have been resilient to season-specific design, due to the carry-over nature of the product across seasons; and

- **Genderless:** our sneakers are versatile across our collections, with our distinctive "distressed" style transcending gender stereotypes as a result of their one-of-a-kind style.

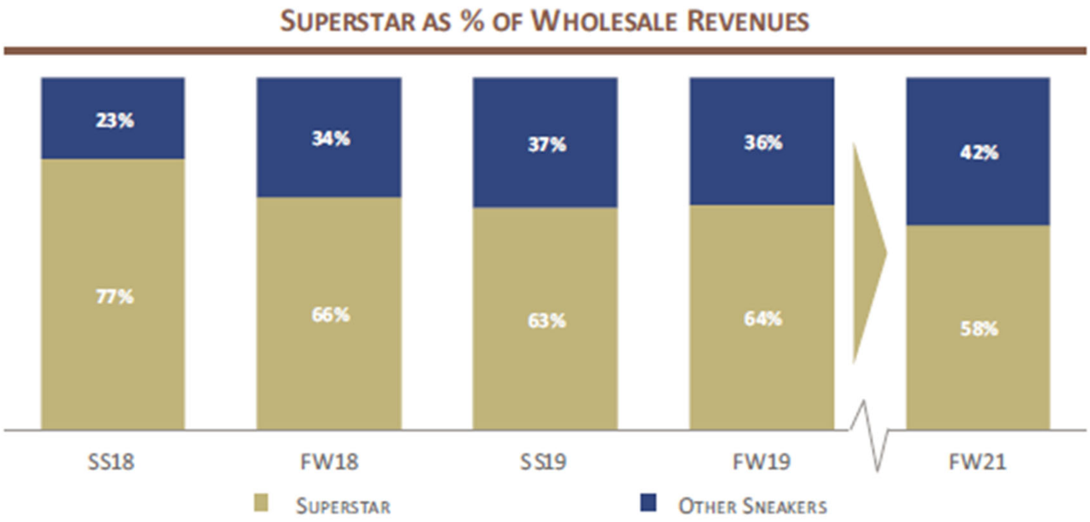
In addition, we believe that our price positioning sets us apart from our main competitors, including both luxury sneakers specialists and lifestyle brands, with an average price for women's sneakers that is approximately one-third less than that of more established luxury brands such as Gucci and Balenciaga. Our customers perceive our brand to be comparable with other NextGen luxury brands (such as Balenciaga and Saint Laurent) when considering sneakers purchases. This is the result of our day-one brand positioning as a young and modern brand that caters to NextGen consumers, who are expected to drive future growth in the luxury sneakers market.

"Next-generation" luxury business model with sophisticated merchandising strategy and selective multi-channel distribution

We operate an attractive business model that places innovation and product scarcity at its core. We consistently refresh our product portfolio and nearly all of our SKUs (other than our original white Superstar sneaker) are newly designed every season, which we believe encourages our consumers to become collectors and creates a sense of discovery. However, with only 20 sneaker models generating approximately 850 SKUs, we benefit from low production complexity, which allows us to rapidly refresh our SKUs to adapt to changes in fashion trends.

This consistent refresh of our product portfolio is coupled with a carefully managed merchandising strategy aimed at driving scarcity value. We implement staggered delivery of our collections to points-of-sale and product segmentation across channels and regions, adapting products to local tastes while minimizing cross-channel cannibalization. We also occasionally collaborate with key wholesale partners to create "private editions" of our products specifically for their businesses, which are designed with creative input from our third-party partners that are able to pinpoint the localized tastes of their markets and target customers, while limiting the volumes of bestselling products allocated to wholesale channels.

By prioritizing the consistent refresh of our product portfolio and carefully managing our distribution, we have been able to gradually reduce the net turnover share of our iconic "Superstar" sneakers in order to promote newly-introduced models, allowing us to capture new audiences with a more diversified offering. For example, from the Spring/Summer 2018 season to the Fall/Winter 2021 season, we have increased our non-"Superstar" sneakers' (such as our "Ball Star," "Running Sole," "Slide" and "Hi Star" sneaker lines) share of wholesale net turnover from approximately 23% to 42%, as set forth in the chart below.



Source: Management analysis and estimates.

This trend demonstrates the underlying innovation in our product offering, ensuring "freshness" and diversification, which we expect to drive future growth and re-balance our portfolio to an optimal mix of carryover "hero" products (such as "Superstar") and our newly-introduced models.

We strive to achieve an exclusive "market-of-one" model to address customers' desires for distinctive products and personalized experiences. Our "Golden Goose Lab" customization station concept, launched in key DOS globally, allows our "brand lovers" to customize their sneakers based on individual preferences and needs. In addition, we have developed a portable version of the "Golden Goose Lab" via our "Sneakers Maker" concept, which we have introduced in smaller DOS and the multi-brand stores of key wholesale partners, and which has proved to increase average DOS traffic by over a third as compared to prior-month performance.

Furthermore, due to the "seasonless" nature of our sneakers offering, which insulates the product category from season-specific consumer purchasing influences, we are able extend the shelf-life of our products, maximizing sell-through by extending the amount of time a particular product is offered for sale. The "seasonless" nature of our offering, combined with our "no-discount" strategy (together with our strict merchandising policy to segment products by store and geography), drives consumer perceptions of product scarcity and brand exclusivity, increasing demand. Our limited use of discounts is shown by our lower retail discounts on total retail net turnover as compared to the average retail discounts of other luxury brands (5% average discount aggregated across all product categories as compared to 15-30% average discount for competitors, according to management analysis and estimates). In addition, our policy is to avoid doing business with, or terminating existing relationships with, wholesale customers that we deem to be too promotional or unlikely or unwilling to follow our brand pricing strategy.

We follow strict criteria in selecting wholesale partners, based on a strategic approach to volumes and pricing implemented through a "no-discount" policy for both wholesale partners and end-consumers, controlled orders and a limited number of agents and distributors. Our partners are also selected based on location, limiting the number of wholesaler stores per city, and are regularly reviewed to ensure alignment with our strategy, brand image and price positioning.

The distribution of our products through a carefully selected network of over 900 wholesale partners in 2020, including many high-end department stores globally (such as Harrods, Printemps, LaRinascente, Nordstrom and Selfridges) and high-end e-tailers (such as Mytheresa, Net-A-Porter and SSENSE), enhances the scarcity and exclusivity associated with our brand. We are a top performer among our key wholesale partners, including e-tailers, with many of our partners such as Nordstrom, Neiman Marcus and Net-a-Porter selling out of stock on a per-season basis. We also benefit from an attractive floor positioning within department stores, alongside other leading luxury and designer brands. Additionally, we have developed a direct wholesale model with carefully crafted sales campaigns, supported by directly-operated showrooms in key fashion capitals, such as New York, London, Milan and Paris. New collections are presented in these showrooms rather than in runway shows, emphasizing the highly-curated and scarce nature of our product lines.

Beyond our selective third-party distribution network, we have significantly improved our direct-to-consumer/omni-channel presence with our growing DOS network, whose expansion is built upon a proven retail formula resulting in 126 DOS as of December 31, 2020 (including five duty-free stores, 14 shop-in-shop stores and eight outlets) as compared to 99 in 2019, 58 in 2018 and only one in 2013. Our standardized process for opening new DOS involves efficient and relatively modest capital expenditures, as the minimalistic, compact footprint and flexible format of our stores allows for relatively low set-up costs and favorable rent costs. Since 2020, we have also benefited from a stronger negotiating position on store leases, including on price and other key terms, as demand for commercial leases has dropped since the beginning of the COVID-19 pandemic. We believe that our historical performance, when combined with our increasing number of stores, will contribute to our growth in the near-term. We are further encouraged by the performance of DOS opened in 2020, which have performed in line with our pre-COVID-19 management forecasts for the year, with net turnover and EBITDA margins consistent with, and in many cases, higher than, historic DOS performance.

We have developed a well-defined strategy for opening new stores in selected key fashion capitals, crafted from our prior experiences in cities such as London, Paris and Milan, other strategically relevant cities and luxury vacation destinations. Our minimalist DOS are designed completely in-house in order to provide a distinctive Golden Goose-curated luxury experience. Depending on factors such as geography, size and local positioning of a particular storefront, we choose between either our classic “Venetian” design concept (focused on showcasing our full range of product categories, such as in our London flagship store) or our “Silver Wrap” design concept (providing stark monochrome silver backdrops against which our products can stand-out).

An increasing portion of our retail sales is conducted on our e-boutique, goldengoose.com, serving our customers across the world. Our e-boutique is a core part of our digital distribution channel, which has delivered year-on-year net turnover growth of 105% from 2019 to 2020. Our e-boutique enables us to be fully operational across many different countries and currencies with a global delivery platform, allowing us to nurture a direct relationship with our global customer base. With the aim of achieving an effective omni-channel experience, we have implemented or intend to implement a wide range of different initiatives such as CRM strategy and the introduction of click-and-collect and order-in-store functions to improve data collection and build a holistic view of our customers. In 2020, we bolstered our e-commerce capabilities to capitalize on increased digital demand as a result of the COVID-19 pandemic and benefited considerably from our internalization initiatives, capturing higher margins during a time of significantly increased online shopping as a result of the COVID-19 pandemic. Specifically, we have grown net turnover from our digital sales channel from €15.0 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of €30.8 million for the year ended December 31, 2020. Sales made through our direct-to-consumer e-boutique and our proprietary Golden Goose Passport app (launched in September 2019), along with our sales in our DOS, provide us with total control over pricing, merchandising, brand perception and customer experience, and allow us to capture a higher gross margin than sales made through our wholesale network.

In addition to our directly-managed online platform, we have an established presence on: (i) online marketplaces such as Farfetch, under an e-concession agreement, which we entered into in order to increase control over online distribution and product pricing and to gain valuable access to younger consumer demographics; and (ii) the software “apps” ecosystem, with our proprietary Golden Goose Passport app built to further enhance consumer engagement, online traffic, direct consumer communication and customer loyalty.

Proven track record of growth, with high margins, strong Cash Conversion and resilience

We have an established track-record of strong topline growth. Our successful international expansion, as a result of which we now sell our products in over 70 countries, has helped drive an increase in our net turnover of 42.2% from €187.0 million for the year ended December 31, 2018 to a *Pro Forma* Net Turnover of €265.9 million for the year ended December 31, 2020. Notwithstanding this rapid increase in net turnover, we have maintained a substantial EBITDA margin between 25 and 30% each year since 2018, aided by our “no-discount” policy to both wholesale customers and third-party sellers in our digital distribution channel such as e-tailers and online marketplaces. We have also maintained our EBITDA margin through the COVID-19 pandemic, which was bolstered by the higher margins generated by e-commerce sales, which increased significantly from €15.0 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of € 30.8 million for the year ended December 31, 2020. This increase in higher-margin sales was accompanied by prudent cost control activity through initiatives such as store personnel furloughs in EMEA and APAC, DOS rent renegotiation, lower-cost marketing initiatives and decreased travel expenses. Notably, we were able to maintain and even increase our net turnover for the year by approximately 1%, as compared to a median decrease in revenues among ten luxury industry competitors of approximately 20%. As these competitors have greater exposure to APAC and were able to take advantage of earlier reopenings in the region, our comparative performance was even more pronounced when excluding the region, amounting to an increase in our net turnover for the year of approximately 3% as compared to a median decrease among such competitors of approximately 27%.

We also benefit from strong cash flows, recording Adjusted Cash Conversion of 76.6%, 69.4% and 94.3% for the years ended December 31, 2018, 2019 and 2020, respectively. We prioritize prudent management of our trade working capital to optimize cash flows, particularly through: (i) active inventory management and relatively long payment periods to our suppliers, in part made possible by the strong relationships we maintain with our artisan producers, whom we consider to be key partners together with whom we have grown over the last decade; and (ii) rapid receivables collection from our wholesale customers and third-party sellers in our digital distribution channel, such as e-tailers and online marketplaces. Though the foregoing measures have proved favorable for our cash flows, we strive to maintain healthy long-standing relationships with our suppliers and wholesale customers throughout the negotiation of such payment periods in order to avoid placing undue burden on our key partners. We further manage cash flows through substantially discretionary capital expenditures. Through such measures, we were able to achieve positive cash generation for the year ended December 31, 2020, generating a Combined cash flow from operations of €49.4 million notwithstanding the opening of 29 new DOS in 2020.

Experienced management team

We benefit from an experienced management team, who works closely with our junior talents, our creative teams and the rest of our organization to drive our results and maintain our brand identity and "cult" image.

Our executive management team brings significant experience in the luxury industry, including leadership roles at global brands, such as Alexander McQueen, Calvin Klein, Emporio Armani and Geox. Our chairwoman, Maureen Chiquet, has previous leadership experiences in Chanel. In addition, we have also hired regional CEOs to further strengthen our on-the-ground presence, while bolstering our sustainability practices through the hiring of a new chief sustainability officer in 2021. Further, certain members of our management team are committed co-investors in the business, whose interests are well-aligned with the long-term growth trajectory of the business. See "*Certain Relationships and Related Party Transactions—Management Incentive Plan*."

Our organizational structure has been adapted to accommodate our recent growth with a view to creating a structure that is easily scalable to support the future needs of our business. Over the last three years, we have almost doubled the size of our teams, strengthening our regional teams with new CEOs in the United States and APAC and increasing the size of our e-commerce team. We have also bolstered our creative team with the creation of the "Start Lab" team, tasked with working across all our internal departments, including marketing, retail and merchandising, to consolidate the Golden Goose brand identity and ensure that our creative and communication strategies are applied in a coherent manner across all distribution channels and consumer interactions (e.g. retail store windows, social media initiatives and special events). We believe our growth in human capital has resulted in a well-balanced combination of Golden Goose veterans and recent hires with broader luxury sector experience.

Strategies

Continue to develop Golden Goose's inspired vision of luxury

We have managed to create a sense of community centered around a distinctive, inspired vision of luxury and we intend to further pursue our vision. Our vision relies on solid and distinctive brand values of craftsmanship, originality, freedom and personal style, which permeate our organization and ways of working. We believe that traditional craft is not just worth preserving, but is also relevant in the present day as the organic warmth of artisanal crafts (with desirable and natural imperfections) is a valuable human contrast to the modern digital age.

We aim to design products that carry over across seasons, conveying an idea of style that is not subject to temporary fashion trends, but rather a timeless statement that our customers will want to wear for any occasion. We also strive for "uniqueness," which for us is synonymous with authenticity and is reflected in the idiosyncratic mixing of materials and elements of our designs. We intend to continue to design innovative collections that align with "casualization" trends, resulting in comfortable and versatile products. We plan to continue to offer such bespoke-style products at a relatively lower price-positioning that we believe sets us apart from our main competitors, including both luxury sneakers specialists and lifestyle brands. Paired with our "no-discount" policy, we believe this price positioning can further strengthen our brand image as a young and modern premium luxury brand that caters to NextGen consumers who are expected to drive future growth in the luxury sneakers market.

We have managed to translate our brand values into a marketing strategy centered on bespoke consumer experiences, digital engagement and sense of belonging to a community, further driven by our high-level of spontaneous and unpaid celebrity and influencer endorsements around the world. We believe that our brand and its values resonate with NextGen consumers, as evidenced by a social media following of approximately 800,000 followers (as of December 31, 2020). We will therefore continue striving to create a loyal rather than opportunistic customer base, prioritizing marketing initiatives that reinforce our brand values and which generate marketing "buzz" among consumers (for example, our successful "Golden Goose Lab" concept).

Continue retail store roll-out

We have a clear strategy for carrying out disciplined store openings and have demonstrated our ability to launch over 25 new DOS in a calendar year (for example, 29 in 2020). Our standardized process for opening new DOS involves efficient and relatively modest capital expenditures, as the minimalistic, compact and flexible format of our stores allows for relatively low rental and set-up costs. Since 2020, we have also benefited from a stronger negotiating position on store leases, as commercial rents have dropped since the beginning of the COVID-19 pandemic. We opened over 60 DOS between 2018 and 2020, opening 29 in 2020 alone (26 on a net basis), and plan to continue our pace of openings to further diversify our geographical reach and drive sales in the near-term while maintaining our historically substantial EBITDA margins.

Notwithstanding the decrease in sales from retail channels in the 2020 financial year (from €103.4 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of €91.3 million for the year ended December 31, 2020), we are encouraged by the improving DOS sales trend that began and has continued since the second half of 2020, with our retail net turnover for the six months ended December 31, 2020 improving by 17.9% as compared to the six months ended June 30, 2020 as retail businesses were allowed to reopen gradually across our operating geographies and consumer sentiment continues to improve. We averaged positive net sales and EBITDA contributions across the Americas, APAC and EMEA for the year ended December 31, 2020. In particular, the United States and China performed well throughout the COVID-19 pandemic, with direct-to-consumer revenues (which includes e-commerce and retail sales) increasing by 48% and 83%, respectively, in the year ended December 31, 2020. Notably, retail traffic in the United States has recovered meaningfully above management expectations, partly driven by positive sales contributions from new openings, especially in states which did not implement stringent lockdown requirements, such as Texas and Florida. This overall improvement trend has continued into the months of January, February and March 2021. See "*—Recent Developments—Recent Trading*."

We aim to build upon and further develop our store-opening experience and are targeting a DOS expansion strategy across geographies, primarily in the APAC region and the Americas. We intend to continue to apply the same criteria for selecting the locations of future stores, focusing on strategically relevant cities, particularly in the United States and China as well as luxury vacation destinations, as preferred sites in our selection process. Primary locations in fashion districts and artistic neighborhoods are expected to continue to be our preferred store locations, reflecting both our brand identity and our bohemian origins.

Expand our digital presence

Prior to July 2019, our online business was managed by an independent e-commerce service provider, which received a management fee based on our e-commerce net turnover. In late 2018, we developed a plan to insource our online business in order to manage the business directly and increase channel performance by implementing closely controlled online distribution. Since our internalization in July 2019, we have achieved higher traffic volumes to the website and a higher conversion rate.

We have benefited considerably from our internalization initiatives, capturing higher margins during a time of significantly increased online shopping as a result of the COVID-19 pandemic. Specifically, we have grown net turnover from our digital sales channel from €15.0 million for the year ended December 31, 2019 to a *Pro Forma* Net Turnover of €30.8 million for the year ended December 31, 2020, approximately doubling the proportion of our net turnover that is generated from our digital channel, while maintaining a stable EBITDA margin in both years that is measurably higher than the margin we generate through our wholesale channel as a result of relatively lower overhead costs (generally limited to inventory storage and distribution costs). We believe that the COVID-19 pandemic has accelerated a pre-existing trend towards higher online retail sales from which we expect to benefit.

We intend to continue to invest between 2021 and 2023 to foster additional online channel growth, including investments in new strategic hires, website segmentation strategies, artificial intelligence marketing and the launch of additional customer-centric services that will improve the shopping experience and integrate the online channel with our physical retail stores, including click-and-collect and order-in-store options.

Finally, we aim to continue to capitalize on our e-concession model, which we implemented with online fashion marketplace Farfetch as a strategic means to directly control online prices. In addition, we intend to leverage our proprietary Golden Goose Passport app to serve as a preferred platform for customer engagement.

Building upon direct control over our online platform, the Farfetch e-concession and our proprietary app, we aim to provide our customers with a fully-integrated shopping experience by creating a unified consumer experience across physical retail and online shopping. We believe our omni-channel strategy can make an important and effective contribution to combining the significant and rapid growth of our e-commerce channel with our DOS-centered retail approach.

Continue developing our wholesale presence

We have a clear wholesale channel development plan, which is supported by the historical growth of this channel that has allowed us to emerge as a top-selling brand on the shop floors of our key wholesale partners as well as wholesaler e-commerce channels, comparable to top-selling luxury brands within and beyond the luxury footwear category.

We plan to maintain our selective approach to choosing wholesale partners, keeping our number of partners broadly consistent with current numbers (over 900). We intend to work only with high-quality wholesale partners with which we share commercial strategies, including attractive in-store positioning for our products among other leading luxury and designer brands. We believe our selective approach to our wholesale relationships has benefited us during the COVID-19 pandemic, resulting in resilient financial performance in our wholesale distribution channel for the year ended December 31, 2020, generating *Pro Forma* Net Turnover of €141.1 million as compared to €142.8 million of net turnover for the year ended December 31, 2019. In particular, our wholesale partners, including both department stores and e-tailers, benefit from strong brand power (such as Harrods, LaRinascente, Nordstrom, Selfridges, Net-A-Porter and SSENSE), which we believe has attracted consumers to their commensurately strong e-commerce platforms that have been able to absorb increased digital demand during the COVID-19 pandemic.

We will continue to review our wholesale partners' performance on a regular basis to ensure alignment with the overall Golden Goose brand strategy, which includes the continuation of our no-discount, no returns and no in-season re-assortment policies (even for large partners), generating a sense of scarcity and increasing brand desirability among consumers. These measures are aimed at strategically limiting order sizes and enhancing our control on final pricing, and we couple these measures with a sophisticated merchandising strategy focused on maximum segmentation and the elimination of cannibalization across distribution channels. For example, we occasionally collaborate with key wholesale partners to create "private editions" of our products specifically for their businesses, which are designed with creative input from our third-party partners that are able to pinpoint the localized tastes of their markets and target customers. We believe product differentiation initiatives like these help insulate sales in our internalized direct-to-consumer channels (which generate higher margins) from cannibalization by the wholesale channel, while still differentiating our product offering to avoid undercutting our wholesale network. We are also exploring the potential to convert certain existing wholesale contracts to our concession model in the near-term, through which we would be able to exercise higher control over branding and price, further increasing our margins.

Increase presence in the Americas and APAC

We intend to expand our presence in both the Americas (predominantly in the United States) and APAC (predominantly China) to take advantage of expected growth trends supported by the historical track-record of healthy growth in these regions. The Americas are our fastest-growing region by net turnover (growing at a CAGR of 57.3% from the year ended December 31, 2018 to a *Pro Forma* Net Turnover of €85.7 million for the year ended December 31, 2020), with our proportion of total net turnover generated in the region growing from 18.5% in 2018 to 32.2% in 2020. Over the same period, our net turnover generated in the APAC region grew at a CAGR of 10.9% to a *Pro Forma* Net Turnover of €71.0 million for the year ended December 31, 2020. In addition, we have increased the number of new DOS openings in the APAC region from 19 in 2017 (following the acquisition of an 18-store South Korean network previously managed by a local partner) to 62 in 2020.

In line with these strong results, we expect to continue the expansion of our retail network in line with historical rates, in the APAC region and the Americas (primarily China and the United States, respectively), and achieve a total store count that is comparable to the average of our luxury goods competitors within and beyond the luxury footwear category. We recognize that both regions are strategically relevant as they demonstrate untapped potential for future growth.

We have continued to internalize our distribution into the APAC region, with the purchase of 11 franchise stores operated in China from our existing franchise partner in early 2021. This purchase has increased our control over our distribution into APAC, which we believe will further increase our volume, pricing control and margins.

Continue to integrate inclusivity and sustainability into our brand and operations

We believe our brand values and reputation align with principles of individuality and personal freedom that are reflected in our bespoke, unique designs and in the diversity of the world-at-large. Since our founding in 2000, these brand values and reputation have resonated with consumers around the world, evidenced by our presence in over 70 countries and sales around the world. Nevertheless, we continue to reinforce our commitment to inclusivity through various internal initiatives. In 2020, we engaged professional inclusion strategists and psychologists to assist management in strengthening the inclusivity of our workforce, through trainings, surveys, and "town-hall" dialogues.

While these initiatives are focused on fostering a sense of community within our company, we believe that sustainable business practices can foster a sense of community beyond our organization, reflecting a duty of care for the world. To that end, under the direction of our new CSO appointed in 2021, we have developed a sustainability roadmap that is integrated into our business strategy, as we believe sustainability is a long journey that affects all areas of our business. In particular, we are developing an extensive, ground-up approach to our production, with plans in the near future to combine artisanal production methods with sustainably sourced raw materials to produce products that are predominantly made from recycled or regenerative sources (for example, by using recycled or regenerative cotton and scrap rubber and other waste materials created as a byproduct of our traditional production processes). As our commitment to sustainability does not end after our products are sold, we are also developing initiatives to address the entire life-cycle of our products. As a luxury goods company, we believe that the products we choose to make reflect upon our principles and, therefore, that these sustainable products will promote Golden Goose values of accountability, authenticity, respect, transparency and inclusion. We hope that such processes will serve as an inspiration to our peers in the fashion industry and that they will form part of the common base of responsible business practices from which the fashion industry as a whole can move towards a more sustainable future.

In addition, we carefully examine other areas of our business, including our board, cyber security, supply chain management and store operations, to make sure it is in line with our ESG standards. For example, in 2018 we launched an audit program of the majority of our suppliers, using external consultants, addressing social aspects including health and safety. Through this program, we did not identify any critical issues or non-compliance. Nevertheless, we plan to continue this audit program in the future.

We believe that our drive for sustainability provides long-term cost and growth advantages, and that we will be well-positioned to capture new demand for sustainable products.

Maintain a disciplined financial policy to deliver profitable growth and cash generation

We intend to maintain a disciplined financial policy in the future, with a focus on de-leveraging via organic net turnover growth, high margins and high Cash Conversion. Based on our historical performance, characterized by strong net turnover growth, high EBITDA margins and attractive cash flow generation, we aim to deliver future profitability by executing our business plan founded on what we believe are demonstrated growth pillars. More specifically, we expect our future net turnover growth to result primarily from organic expansion and like-for-like growth, driven by: (i) our planned retail channel expansion (mainly in the Americas and the APAC region, primarily the United States and China, respectively) and (ii) the ramp-up of direct-to-consumer online channels through our internalized e-boutique, expansion of our e-concession model and our proprietary Golden Goose Passport app; and (iii) further wholesale penetration in the Americas, specifically the United States (particularly in existing department stores). Our growth is further supported by our supportive shareholders, which are committed to the expansion of our business globally.

We intend to manage seasonality with operating cash flows, supported by our high margins and our asset-light business model. We believe we have maintained our disciplined financial policy throughout the COVID-19 pandemic, prioritizing robust liquidity throughout 2020 supported by positive operating cash flow through the year and availability under our Revolving Credit Facility. We postponed non-essential capital expenditures in the year and successfully worked to stabilize inventories, additionally managing cash during the period via other initiatives such as rent renegotiation, the utilization of governmental furlough programs in EMEA and APAC, deferred taxation initiatives where available and reassessment of marketing initiatives. See "*Recent Developments—COVID-19*."

Our Products

We focus our offering on three product categories: footwear, ready-to-wear apparel and bags and other accessories. In 2020, we generated approximately 93% of our *Pro Forma* Net Turnover from footwear (with sneakers comprising the core product), 5% from ready-to-wear apparel, and 2% from bags and other accessories. Throughout our product offering, we aim to convey the Golden Goose brand values of craftsmanship, originality and one-of-a-kind style.

Our company was founded in 2000 as a luxury "total look" brand, with our product offering including our distinctive footwear (such as our signature sneakers), ready-to-wear apparel and bags and other accessories. Specifically, we have carved out a niche in the category globally with our iconic sneakers. Our luxury sneakers are the largest product by net turnover and have allowed us to compete with longer-established international fashion brands. Our end-customers recognize the distinctive shape and style of our sneakers, while our broad sneaker offering allows end-customers to express their individuality through variations of our iconic "vintage-feel" designs.

Footwear

We currently produce our sneakers in 20 models and approximately 850 SKUs, with updates across each collection cycle to take advantage of current consumer preferences and innovative production methods. Together with our iconic Superstar line, we also produce other sneaker lines, including the Hi Star, Slide, Running Sole, Pure, Yeah and Ball Star lines. Furthermore, we consider our sneakers to be:

- **Timeless:** the shapes of our sneaker models represent classic sneaker styles that have been resilient to temporary fashion trends;

- **Ageless:** our sneakers appeal to many different generations, benefitting from the cross-generational casualization trend that combines fashion content with comfort;

- **Seasonless:** we believe our sneakers are resilient to season-specific design and style trends and are an attractive carryover across seasons and year-round product for travelers and jet-setters; and

- **Genderless:** our sneakers are versatile across our collections, with our distinctive style transcending gender stereotypes.

Additionally, beyond our use of high-quality leather in production, we utilize other high-quality and ethically sourced materials, such as denim, velvet and recycled canvas to implement our design vision in our sneakers offering. Our broad sneakers offering gives us the ability to cater to the tastes of both women and men, as well as the opportunity to take advantage of the broader trend of "sneakerization" in everyday life, in both casual and professional settings. For the financial year ended December 31, 2020, 70% of our *Pro Forma* Net Turnover was generated from our women's line, with 27% from our men's line and 3% from our kid's line.

Complementing our strong foothold in the luxury sneakers product segment, we also design and produce a range of other footwear products, including our distinctive boot collections across a range of styles, such as our popular cowboy boots and ankle boots.

Our footwear product category, which includes men's, women's and kids' footwear, is our largest category by net turnover, generating €169 million (90% of total net turnover) and €241 million (92% of total net turnover) for the financial years ended December 31, 2018 and 2019, respectively, and €246 million of *Pro Forma* Net Turnover (93% of total *Pro Forma* Net Turnover) for the financial year ended December 31, 2020.

Ready-to-wear apparel

Our "total look" luxury product offering includes ready-to-wear apparel collections, which have been and continue to be an integral part of our offering. Across women's, men's and kids' lines, it comprises outerwear, jackets, knitwear, shirts and tops, pants, dresses and other luxury clothing items, which collectively highlight our brand identity using brand-coherent fits, materials and details. For example, we emphasize the use of distressed leather, special trims and personalization in our ready-to-wear apparel collections to underline the Golden Goose "lived-in" look and brand design language. We consider our ready-to-wear apparel offering to be unique and timeless, pulling from vintage inspiration and benefitting from the quality of Italian craftsmanship.

Our ready-to-wear apparel product category, covering men's, women's and kids' lines, generated €17 million (9% of total net turnover) and €18 million (7% of total net turnover) for the financial years ended December 31, 2018 and 2019, respectively, and €13 million of *Pro Forma* Net Turnover (5% of total *Pro Forma* Net Turnover) for the financial year ended December 31, 2020.

Bags and other accessories

Building on our institutional expertise in leather and fabric, bags and other accessories provide us with the opportunity to showcase our core brand tenets of timeless and ageless design.

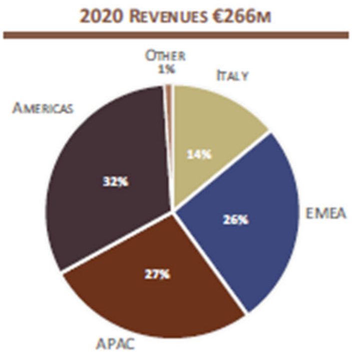
To cater to a broad range of consumer needs and preferences, we offer fully handmade bags such as the Star, an every-day essentials bag inspired by vintage camera bags and offered in a range of materials; the Rodeo, an every-day saddle-style bag in premium distressed leather; the California, a line of every-day tote bags in a variety of materials; and the Journey bag series, week-end or office-use bags (duffle bags, backpacks and briefcases) inspired by the hiking world and crafted from sleek waterproof nylon to create technical and multi-functional appeal.

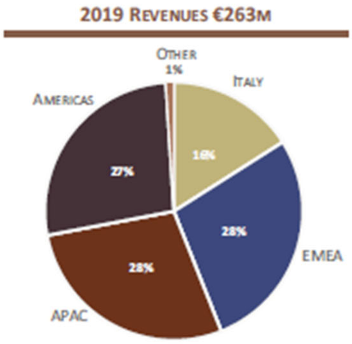
Other accessories include small leather goods such as wallets and belts, following the same design themes and colorways of our bag collections and designed with functionality in mind.

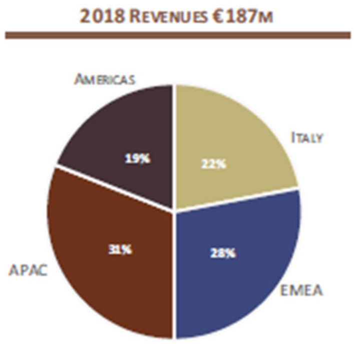
Our bags and other accessories product category generated €1 million (1% of total net turnover) and €2 million (1% of total net turnover) for the financial years ended December 31, 2018 and 2019, respectively, and €4 million of *Pro Forma* Net Turnover (2% of total *Pro Forma* Net Turnover) for the financial year ended December 31, 2020.

Sales Markets

While we maintain all our production in Italy, we have a global footprint and we have successfully expanded into a global luxury brand, with sales in over 70 countries. The chart below sets forth our *Pro Forma* Net Turnover by geography for the years ended December 31, 2020, 2019 and 2018.







Americas

The Americas is our largest and fastest-growing market by sales, with net turnover from the region constituting 32% of our total *Pro Forma* Net Turnover for the year ended December 31, 2020. Net turnover in the region grew at a CAGR of 57.3% from the year ended December 31, 2018 to a *Pro Forma* Net Turnover of €85.7 million for the year ended December 31, 2020. As of December 31, 2020, we have 26 DOS, one directly operated show room (New York) and one outlet in the Americas region.

APAC

APAC is our second-largest market by sales, with net turnover constituting 27% of our total *Pro Forma* Net Turnover for the year ended December 31, 2020. Net turnover in the region grew at a CAGR of 10.9% from the year ended December 31, 2018 to a *Pro Forma* Net Turnover of €71.0 million for the year ended December 31, 2020. As of December 31, 2020, we have 61 DOS (including four duty-free stores in South Korea and one duty-free store in China, both managed by unaffiliated local partners, a distribution model common in South Korea and China) and five outlets in APAC. We have prioritized the internalization of our distribution into APAC since 2017, when we acquired the business and operations of our local South Korean distribution partner, internalizing all of our Korean mono-brand stores. Following this consolidation in South Korea, in 2018 we acquired a similar distribution partner in the Chinese market, internalizing two Chinese stores. In early 2021, we bought back 11 franchise stores operated in China from our franchise partner, further internalizing our regional distribution.

EMEA (excluding Italy)

EMEA (excluding Italy) is our third-largest market by sales, with net turnover from the region constituting 26% of our total *Pro Forma* Net Turnover for the year ended December 31, 2020. Net turnover in the region grew at a CAGR of 15.1% from the year ended December 31, 2018 to a *Pro Forma* Net Turnover of €70.3 million for the year ended December 31, 2020. As of December 31, 2020, we have 25 DOS and two outlets in EMEA (excluding Italy).

Italy

Italy is our smallest market by sales, with net turnover constituting 14% of our total *Pro Forma* Net Turnover for the year ended December 31, 2020. We generated *Pro Forma* Net Turnover of €36.2 million for the year ended December 31, 2020. As of December 31, 2020, we have 8 DOS and one directly operated show room (Milan) in Italy.

Distribution Channels

We sell our luxury goods through our direct-to-consumer and wholesale distribution networks, across retail (for example, our direct-to-consumer DOS and our wholesale partner's physical stores) and e-commerce (for example, our direct-to-consumer Golden Goose e-boutique and wholesale e-tailers). Additionally, we have four duty-free stores in South Korea and one in China managed by unaffiliated partners.

We have reconfigured our distribution channel model significantly since 2012, when we had no DOS and relied exclusively on wholesale distribution partners. Through our "retailization" efforts, we have gradually moved away from our dependence on distribution partners and third-party management of key sales platforms, such as our showrooms. By 2016, we had a retail footprint comprised of seven DOS and had internalized management of our Milan and Paris showrooms, though we still relied heavily on distribution partners and did not fully manage our e-boutique. Between 2017 and 2019, we internalized our South Korea operations (except for four duty free stores), North America wholesale distribution as well as our e-boutique and we also absorbed a Chinese distribution partner, allowing us to fully control many aspects of our global operations. In early 2021, we bought back 11 franchise stores operated in China from our franchise partner, further internalizing our regional distribution. As of December 31, 2020, we had 126 DOS (including five duty-free stores, 14 shop-in-shop stores and eight outlets), and we directly manage all of our showrooms (New York, Milan and Paris) and our e-boutique. Our net turnover from direct distribution, excluding duty-free stores, has grown from 32% of our total net turnover in 2018 to 44% of our total *Pro Forma* Net Turnover in 2020.

We believe we benefit from diversification of our distribution channels because we are able to capitalize on the benefits of each channel, while hedging their respective downside risk. For the year ended December 31, 2020, our *Pro Forma* Net Turnover was split 46% for our direct-to-consumer channels, including physical retail and e-commerce (as compared to 45% and 35% for the years ended December 31, 2019 and 2018, respectively) and 53% for our wholesale channels (as compared to 54% and 65% for the years ended December 31, 2019 and 2018, respectively). (with the remaining 1% attributable to sales of goods and raw materials to our suppliers that are not classifiable into a particular distribution channel).

Our wholesale network consists of prominent multi-brand and department stores, as well as market-leading multi-brand e-tailers, all of whom buy stock from us directly at wholesale prices for resale to end-customers for retail prices. We provide wholesalers with recommended retail prices (based on a geo-pricing strategy setting forth differentiated pricing depending on country and currency). Although we exercise virtually no control over our wholesalers' practices, our products or our brand placement once delivered to the wholesaler, we monitor our wholesalers' practices to check, among other things, consistency in brand strategy. For example, our business has a strict "no-discount" policy, which we communicate to our wholesale partners, and we have, in the past, terminated relationships with wholesale partners who have repeatedly violated our policy. We control our distribution channels to wholesalers and do not rely on agents or intermediaries in the process. Furthermore, we directly operate all of our showrooms in Milan, Paris and New York, which are of key importance to our sales campaigns.

Our direct-to-consumer distribution channel comprises our DOS, our e-boutique and Golden Goose Passport app, and outlet networks, through which we sell our products directly to our customers at retail prices. Our direct-to-consumer distribution channel provides us with total control over pricing, merchandising, brand perception and customer experience. We further operate a hybrid retail model in a limited number of Korean duty-free stores, whereby we sell our products at discounted retail prices (which are higher than prices charged to wholesalers) to partners who sell on to end-customers at duty-free prices (a model common in the South Korean market).

Part of our strategy is to expand our own direct-to-consumer distribution channel (without cannibalizing our wholesalers' performance), partially to capture the higher retail gross margin that this channel can provide, and partially to respond to changes in the industry that are redirecting footfall from certain multi-brand department stores to mono-brand retail stores. For example, we occasionally collaborate with key wholesale partners to create "private editions" of our products specifically for their businesses, which are designed with creative input from our third-party partners who are able to pinpoint the localized tastes of their markets and target consumers. We believe product differentiation initiatives like these help insulate sales in our internalized direct-to-consumer channels (which generate higher margins) from cannibalization by the wholesale channel, while still differentiating our product offering to avoid undercutting our wholesale network.

Retail

Our retail distribution channel consists of direct sales of our product offering to end-consumers via physical stores. Our retail sales activity is realized through 126 DOS (including five duty-free stores, 14 shop-in-shop stores and eight outlets), over which we exercise full inventory ownership and design and concept control. These retail stores are located across Italy, the Americas, APAC and EMEA (excluding Italy) and accounted for €91.3 million, or 34% of our total *Pro Forma* Net Turnover (net turnover for the year ended December 31, 2019: €103.4 million, 39% of total net turnover; net turnover for the year ended December 31, 2018: €58.6 million, 31% of total net turnover).

In addition, our retail performance has generated successful growth for our business and brand. We have successfully maintained our retail gross margins in recent years, notwithstanding the COVID-19 pandemic and the opening of several new DOS in 2020. See "*Summary—Recent Developments—COVID-19*."

DOS (directly-operated stores)

We operate brick-and-mortar Golden Goose-branded stores implementing our own design concept and standards across the Americas, APAC and EMEA regions. See "*—Real Estate*." We manage our DOS pursuant to lease agreements (we do not own any of our DOS outright) and we are directly responsible for all inventory, personnel and marketing of our DOS, including for our shop-in-shop stores, which are not free-standing but are instead physically located within department stores. Excluding our duty-free stores and outlets, our products were sold in 113 physical stores in the year ended December 31, 2020.

We have demonstrated our ability to successfully roll-out our DOS between 2018 and 2020, as evidenced by the launch of over 60 DOS during this period, 26 of which were in 2020 alone. Our standardized process for opening new DOS involves efficient and relatively modest capital expenditures since the minimalistic, compact and flexible format of our stores allows for relatively low set-up costs.

We have also streamlined our store design and designed our DOS completely in-house in order to provide a distinctive Golden Goose-curated luxury experience. Depending on factors such as geography, size and local positioning of a particular storefront, we choose between either our classic "Venetian" design concept (focused on showcasing our full range of product categories, such as in our London flagship store) or our new "Silver Wrap" design concept (providing stark monochrome silver backdrops against which our products can stand-out). Additionally, our stores have a flexible format with modular fixtures, which allows each space to adapt to the characteristics of its local environment. For example, our London flagship is outfitted with classic British furniture. In either design case, our location strategy is to target luxury avenues and shopping districts in urban centers.

We occasionally introduce new store concepts, which is largely market-driven, through which we aim to provide customers with more distinctive products and personalized experiences. For example, in January 2019 we unveiled a new concept in Milan, which includes a sneakers customization station (the Golden Goose Lab) and allows our customers, together with our in-store artisans, to customize their sneakers in-store by selecting one of three levels of patina treatment (light, medium or strong), as well as accessories to embellish their sneakers. This concept yielded 36% net turnover growth for the store for the period from February to September 2019 as compared to the same period in 2018. Further, we have launched our "Golden Goose Lab" concept in Tokyo, Dubai, Beijing and Hong Kong and plan to launch this concept in additional selected stores globally. We pride ourselves on creating a very specific store design that reinforces the customer experience, mixing art and artisan pieces specifically developed for our stores with carefully curated placement of our products.

For the year ended December 31, 2020, sales to customers made through our DOS (including shop-in-shop stores but excluding duty-free stores and outlets) accounted for €74.8 million, or 28% of our total *Pro Forma* Net Turnover (net turnover for the year ended December 31, 2019: €83.7 million, 32% of total net turnover; net turnover for the year ended December 31, 2018: €50.2 million, 27% of total net turnover).

Outlets

In addition to our DOS, which sell products at full price, we operate eight strategically located outlets to manage unsold inventory from our own retail networks and distribute Golden Goose products from previous collections at discounted prices without competing with our DOS and traditional full-price network. We currently operate eight outlets, located in the Americas (one outlet in the United States), EMEA (excluding Italy) (one outlet in France and one in United Kingdom) and APAC (three outlets in South Korea and two in China). We manage our outlets pursuant to lease and commercial agreements and we are directly responsible for all of their inventory, employees and marketing. During the year ended December 31, 2020, our eight outlets in the Americas, APAC and EMEA (excluding Italy) together accounted for €10.9 million, or 4% of our total *Pro Forma* Net Turnover (net turnover for the year ended December 31, 2019: €10.0 million, 4% of total net turnover; net turnover for the year ended December 31, 2018: €3.6 million, 2% of total net turnover).

Duty-Free Stores

We further operate a hybrid retail model in a limited number of duty-free stores in South Korean (four) and China (one), whereby we sell our products at discounted retail prices (which are higher than prices charged to wholesalers) to local partners that sell on to end-customers at duty-free prices (a model common in the South Korean and Chinese markets). Though we do not directly operate these five duty-free stores, we maintain tight control over store requirements (such as branding and merchandising) and directly employ a small proportion of the employees in such locations—we believe these parameters result in a shopping experience that is indistinguishable from our DOS for the end-customer. For the year ended December 31, 2020, sales to customers in duty-free stores accounted for €5.6 million or 2% of total *Pro Forma* Net Turnover (net turnover for the year ended December 31, 2019: €9.7 million, 4% of total net turnover; net turnover for the year ended December 31, 2018: €4.7 million, 3% of total net turnover).

Digital

A portion of our retail sales is conducted on our e-boutique, goldengoose.com (our e-commerce platform directly serving our customers across the world). Our e-boutique launched in 2014 and was developed in partnership and operated in conjunction with a third party. In July 2019, our partnership contract with our third-party partner expired, and we now fully manage our e-boutique in-house, which has contributed in year-on-year net turnover growth for our digital distribution channel of 105% from 2019 to 2020. Our e-boutique enables us to be fully operational across countries and currencies with a global delivery platform. We believe our e-boutique provides us with total control over our product mix and brand identity, and we only rely on third-parties for storage, logistics and fulfillment support.

Our e-boutique is available in seven languages and allows us to deliver to our end-consumers what we believe to be the highest level of online customer experience. We believe the development of our e-boutique has further accelerated the digitalization of our business by enabling us to provide a uniquely Golden Goose luxury online shopping experience to our customers, which we believe to be comparable to that offered at our physical stores. To complement our e-boutique, we launched the Golden Goose Passport app in September 2019, which provides us with a reliable and user-friendly direct channel by which we can engage with our customers on their mobile devices. Our multi-faceted app offers users a complete e-commerce experience (including early access to special product offerings and access to digital versions of our travel guides) and we believe it can play a pivotal role in driving customer sales and increasing customer loyalty.

Additionally, to further round out our digital footprint, we have entered online marketplaces such as Farfetch and may continue to do so in the future. Though similar to multi-brand e-tailers, online marketplaces are considered "e-concessions", which we do not categorize as wholesale activity. Marketplaces do not purchase our products. Instead, marketplaces provide us with trusted and reliable multi-brand e-commerce platforms through which we can distribute our products, in exchange for which the marketplace retains a percentage of turnover from any products sold. Marketplaces generally provide better gross margins than our e-tailer partners, and provide us with increased control over online distribution and pricing.

Wholesale

Our wholesale distribution channel consists of sales and deliveries of our product lines to third-party retailers and e-tailers at wholesale price points for onward sale to end-consumers at retail prices. Our "Pre" and "Main" collections for men and women are presented to such wholesalers during the Spring/Summer and Fall/Winter purchasing seasons, at which point orders are taken. Our sales campaigns are supported by showrooms in key fashion capitals, such as New York, Milan and Paris. For the year ended December 31, 2020, we worked with over 900 wholesale partners globally, most of which were located in EMEA, Italy and the Americas (predominantly in the United States). All sales to wholesalers are made on a final-sale basis and we concede very limited discounts to our wholesale network. In addition, we typically do not provide performance or other guarantees of any kind to wholesalers, such as recognition of stock returns.

Long-lasting and strong relationships with our wholesale customers help us record low cancellation rates. We have been able to maintain and increase our wholesale margins due to our optimized wholesale network, whereby we partner with high-quality wholesale clients that demonstrate strong performance.

In order to maintain brand integrity, we select wholesale clients according to strict criteria, which includes ensuring our products are only present in high-end stores and e-tailers, as well as limiting the amount of wholesale stores per city. We are currently present in almost all global high-end department stores and e-tailers around the world, including Harrods and Printemps, alongside key luxury brands. This is reflected also in our strict "no-discount" policy, which has sometimes resulted in our decision to terminate ongoing business relationships with certain wholesalers that we believed were not aligned with our brand pricing strategy and were offering too many promotions in relation to our products. Our wholesale partners generally have full control over management of their operations, provided that they respect the image and uphold the specific branding requirements of the branded products they sell. We occasionally collaborate with key wholesale partners to create "private editions" of our products specifically for their businesses, which are designed with creative input from our third-party partners who are able to pinpoint the localized tastes of their markets and target consumers. We believe product differentiation initiatives like these help insulate sales in our internalized direct-to-consumer channels (which generate higher margins) from cannibalization by the wholesale channel, while still differentiating our product offering to avoid undercutting our wholesale network. Additionally, under the terms of our arrangements with e-tailers as well as multi-brand and department stores, sale prices are consistent with our pricing policy in the region or regions in which they operate.

Multi-brand stores

We sell our products to exclusive high-end multi-brand stores across the globe and particularly in the Americas, APAC and EMEA regions. Multi-brand stores are physical brick-and-mortar stores where multiple brands are sold within the same store, including and in addition to our own. We generally exercise no control over store layout, design or concept with respect to the prominent multi-brand stores to which we sell our products.

Department stores

Our products are also sold in large, prestigious department stores across the world in brand-designated corners, which are dedicated shop-floor locations run by our wholesale partners using Golden Goose branding. These corner stores are tailored to Golden Goose branding concepts (including the provision of a dedicated, branded space and design concept within the department stores), as we believe this provides the customer with a better shopping experience. We negotiate and monitor our products display within these stores to provide customers with a shopping experience consistent with our retail stores and ensure the correct brand positioning and perception. As of December 31, 2020, our lines were distributed through department stores in approximately 16 countries.

E-tailers

We primarily sell our products to large, prominent e-tailers specializing in high-end ready-to-wear apparel, who in turn sell our products to customers on their e-commerce platforms. In addition, our products are sold on the e-commerce platforms of large, prominent multi-brand stores and department stores, many of which also sell our products in-store. We select these platforms according to a commercial strategy based on exclusive distribution and minimum order levels.

Although our e-tailer and multi-brand store partners with an online presence are generally independently responsible for the management, marketing, publishing and hosting of their own websites, our sales agreements generally retain the ability to request that they showcase key products and comply with our geo-price positioning.

Our wholesale e-commerce partners are also responsible for order acceptance, dealing with customer requests for information and order processing and follow-up. Under the terms of our arrangements with e-tailers, sale prices on their e-commerce platforms are consistent with our pricing policy in the region or regions in which the e-commerce platform operates.

Design and Production

Design

Our products' design and development process is conducted entirely in-house. We employ or contract designers in the design of our footwear, ready-to-wear apparel as well as bags and other accessories products, split into product-specific design teams to maintain line independence and distinctiveness. Those teams are in turn supported by a development team organized by merchandise category (such as leather, fabric, woven, knits, denim, etc.), as well as a strong merchandising team overseeing our collections and ensuring price positioning.

In order to ensure the best product fitting and quality, the design teams are assisted by both our in-house pattern maker as well as those of key suppliers to create prototypes and patterns for each piece designed in our studio. The prototypes and patterns in turn serve as the model from which our pieces are manufactured.

The first stage of a new collection starts with inspiration from our design, merchandising and creative ("Start Lab") teams, based on themes and environments influenced by design research trips (which also provide opportunities for us to create visual content for media and marketing campaigns, for example via Instagram or our brand website).

At the same time, our merchandising teams prepare briefs for our design and operations teams in order to align these teams on our direction in terms of sizing and margin of the new collection/season. Reports of recently-developed and sold products are provided, comprised of analyses of both quantitative data (such as sales and price figures by model and market) and qualitative data (such as wear-ability, materials used, colors and technical characteristics) and a discussion of trending styles drawing upon market and consumer research from different locations around the world. Representatives of our creative offices and our merchandising and product development teams participate in this process and provide their feedback.

Based on the data that emerges during the first stage of the development process and design research trips, the design team determines: (i) the concept of the collection and the guidelines for its stylistic definition; (ii) the number of models in the collection by product line and price level; and (iii) a list of materials (for example leather, fabrics and accessories) to be used, as well as the existing products and designs to retain in the new collection. In conjunction with the merchandising and Start Lab teams, the fashion designers then prepare a mood-board containing the elements that inspire the new collections (such as materials, colors, shapes and setting) for presentation to senior management. The purpose of the boards is to define the concept of the collections and establish general guidelines for product themes. The Start Lab then creates graphics in line with the collection's mood-board, which will be incorporated by the design team into various product designs. The designers focus on designs that are in demand and absorb trends that have gained momentum in the market, while at the same time being innovative and retaining common elements of our design that are distinctive to the Golden Goose brand, such as our "distressed vintage" look. Our CEO evaluates the mood-boards, proposes possible variations, and approves the finished boards. Product sketch drawings are then prepared by the designers based on these approved boards. These sketches then serve as the basis for the computer templates for prototypes. These prototypes are reviewed for fit and style, pre-costing and pre-pricing, and once approved, serve as the basis for samples. Once the samples have been produced and approved, production begins for a limited number of finished products to be distributed to the sales teams and preliminarily priced.

We believe our in-house design and strict prototype creation process gives us total control over each of our design concepts, costing (we decide on the price positioning of each product during the prototype process), quality, fitting and grading, as well as flexibility to foster creativity. Additionally, the in-house selection of materials allows us to find the right balance between quality and cost. Not until we are completely satisfied with the quality, design or aesthetic of each of our products are the prototypes and patterns released to our manufacturing partners for line production.

Collection Presentation and Sales Campaign

Once sample collections are produced, we organize presentations of the collections to both our wholesale and retail sales teams, in both scheduled presentation events and in our directly-operated showrooms in New York, Milan and Paris. These presentations are another opportunity to communicate and reinforce the Golden Goose brand. We carefully design and manage every phase of the presentations, from the invitations to the after-parties. During these events we communicate our distribution strategies to the sales team and explain the intention and related technical characteristics of the samples (such as materials used, material treatments and characteristics) in order to highlight their quality. These events provide the basic understanding of the collections that allows us to proceed with the sales campaign.

Within the wholesale channel, our sales office, together with our merchandising and visual team, manages our wholesale channel distribution by determining the optimal recommended product mix to emphasize our commercial strategy. They also set purchasing minimums and guidelines for what mix of products should be purchased from the various product lines to ensure that wholesale stores are carrying a sufficient variety of products to offer a mix of products catering to a variety of end-customers.

For our physical retail channel distribution process, retail locations are grouped into tiers at the beginning of each season based on geography, size and local positioning and the merchandising department then defines the "master order" for each tier. Each store in any tier is then sent the same "master order," which will include products representing the style and key message of the products that is best suited to locations in that specific store tier. Our e-boutique does not follow this process as it generally maintains the entire list of available products for sale in any given season.

Merchandising

We segment our sneaker collections based on multiple parameters, including channel, region and product cycle (such segmentation comprising "carryover," "fashion" or "special projects"). We believe that this allows us to best adapt products for customer tastes globally while strategically relying on product scarcity to drive impulse buying. Additionally, "carryover" SKUs (historical multi-season bestsellers) are preserved by strongly limiting quantities to wholesalers, thus forcing the customer to approach one of our direct channels to purchase our products. Our merchandising strategy aims to minimize cannibalization between channels, while instilling a sense of scarcity and fostering brand identity.

Additionally, there is further market segmentation as we have jointly developed "private collections" with our top wholesale clients. Department stores, such as Neiman Marcus and Nordstrom, and e-tailers, such as Net-à-Porter, each offer exclusive product collections not available elsewhere. These exclusive collections, which are designed specifically to cater to the customer demographics of many of our top department store or e-tailer partners, project brand exclusivity and further reinforces product scarcity. Our "private collections" assist in strengthening relationships with top wholesale partners, and lead to higher orders for our business in addition to higher traffic for the department store or e-tailer.

Production

Supplier manufacturing

We do not own or operate any manufacturing facilities and, as a result, our product manufacturing is fully outsourced, which we believe provides us additional flexibility to negotiate competitive purchase orders and to maximize industry know-how and balance between production capabilities and capacities in the selection of our suppliers. Further, we deal almost exclusively with Italian suppliers in the production of our products. We believe this 100% "Made-in-Italy" distinguishing feature of our products allows us to benefit from Italy's historical excellence in the production of luxury goods, which discerning end-customers of luxury products around the world tend to appreciate. The quality of Italian luxury production is also generally characterized by strict quality controls in the manufacture of our products.

We generally contract to manufacture according to two arrangements: trade purchases (generally for footwear) and sub-contracting (generally for ready-to-wear apparel). In both cases, all material, trims and other components are sourced by Golden Goose. Trade purchases consist of acquiring finished products, whereby we supply the product design specifications and prototypes developed in-house to our suppliers and they produce the merchandise using raw materials independently procured by them, but specifically designated by Golden Goose and subject to our specifications and quality control procedures. Pursuant to sub-contracting arrangements, we contract with suppliers for manufacturing output, providing them with the components and raw materials that we source, develop and purchase. While sub-contracting arrangements expose us to some risk because we own the raw material inventory, we believe they provide us with better quality control in ensuring our designs are manufactured according to our stringent specifications. We use both trade purchase agreements and sub-contracting arrangements depending on the product category and the respective supplier's skill across our production.

We rely on few key suppliers, who are selected on the basis of their skills, business traditions and quality standards. For the year ended December 31, 2020, our top five suppliers accounted for approximately 90% of our supply costs. Our top five suppliers have been suppliers to our brand for an average of eight years. We do not believe we are reliant on any one manufacturer to deliver our supply chain needs and we tend to maintain relationships with multiple suppliers in each product category and use them depending on cost, design specifications and time-to-market. Purchasing of manufactured products is managed at our central headquarters in Venice. We supervise our suppliers from our head office and further use local quality inspectors who visit factories consistently in order to closely monitor and control our supplier's performance, quality and attention to cost and design details, both during production and post-production. Other than with our largest supplier, we do not enter into term or volume-based production contracts with our suppliers, rather we enter into production orders for the manufacture of individual or related product runs on a flexible, season-by-season basis. All of our purchasing is denominated in euro.

Our procurement and purchasing functions are managed by teams organized by our FOB ("Family of Business") department. Quality control employees regularly carry out strict inspections of the prototypes and patterns for each product and final inspections prior to dispatch to our warehouse facilities or stores. When we identify a defective product prior to delivery, we demand reimbursement from the supplier.

Our products undergo a stringent quality assurance program, which includes testing and controls on all raw materials purchased, with further testing and controls implemented at various stages of production. From June 2021, all of our products will be subject to quality control audits conducted at production sites. Additionally, through the use of radio-frequency identification (RFID) technology and related tracking applications, we are able to monitor the manufacture and distribution of products throughout our production and delivery pipeline, allowing us to identify products which have been returned by customers for further examination. We believe such measures will allow us to maintain and improve upon the high quality of our products.

Logistics and order fulfillment

Nearly all of our logistics and fulfillment processes are outsourced, including packing and in-bound/outbound transportation.

Our raw materials warehouse is located in Pianiga, Italy, and outsourced to an Italian logistics partner, Movimoda, which manage leather, fabrics, trims and accessories mainly for our ready-to-wear apparel collections. Movimoda further manages our finished products warehouse in Monte Colombo, Italy, where they manage all of our finished products and conduct quantity and quality checks, labelling processes, packing and shipping. From our finished products warehouse, products are distributed to local distribution centers located in Golden Goose's main markets (for example, the United States and South Korea) and whose management is fully outsourced.

Prototypes, samples and the archive collection are, however, stored at a central warehouse at our Marghera, Venice headquarters and managed in-house.

Marketing and Media Campaigns

Advertising and marketing are essential functions for affirming and communicating the value, exclusivity and uniqueness of the Golden Goose brand. Our retail locations and wholesale stores are some of our most effective communication channels. Mainly located in prime locations, our points-of-sale are designed as luxury boutiques with carefully decorated store windows that are frequently renewed. We believe our curated approach to our stores increases the desirability of our products and further strengthens loyalty among our customer base through the luxury shopping experience it offers them.

We use a variety of marketing and advertising vehicles to increase brand awareness, acquire new customers, drive customer traffic to our physical points-of-sale, e-boutique and Golden Goose Passport app, and strengthen and reinforce our brand image. With a strong direct-to-consumer approach, we primarily utilize "owned media"—social media, our website, print and electronic media, as well as paid media through the use of outdoor advertising. Due to strong brand visibility driven in part by our positive media coverage ("earned media") and in part by loyalty among devoted customers, we believe we enjoy a very high level of customer engagement in spite of relatively low marketing outlays, which enables us to continue our lean approach to marketing and communications.

Marketing Strategy

Our marketing strategy is comprised of five pillars: experience, one-to-one, digital, community and cross-fertilization. We believe each pillar is core to our marketing efforts. We target our experience and one-to-one pillars through our distinctive DOS and innovative "Golden Goose Lab" concept where customers can personalize their sneakers, both of which allow us to engage with our customers directly and provide memorable experiences. Our digital pillar encompasses our online marketing footprint, and we aim to engage customers across a variety of platforms with original content and a sense of brand community. Our community pillar is centered around strengthening the community of customers globally, and includes digital hashtags in addition to our travel guide. Lastly, we focus on our cross-fertilization pillar, whereby we engage customers through avenues not directly related to footwear, ready-to-wear apparel as well as bags and other accessories (art and travel, for example, through our participation in the Venice Biennale and development of travel guides).

Each pillar represents a path through which we can tell our story, as well as strengthen brand identity and customer loyalty. Our main objective behind the pillars is to create a loyal rather than opportunistic customer base and we prioritize marketing initiatives that generate a self-sustaining conversation (for example, our "Golden Goose Lab" concept). As a result, we do not rely extensively on traditional marketing and advertising channels, preferring customer word-of-mouth and social media exposure.

Our marketing and advertising expenses were €8.4 million, €7.6 million and €8.7 million for the financial years ended December 31, 2018, 2019 and 2020, respectively. In the year ended December 31, 2020, we spent €2.2 million on online media advertising (including social media advertising), €0.5 million on print advertising and €0.9 million on outdoor advertising. Our marketing strategy aims to align Golden Goose brand values, target customers and the product. We believe that these efforts have helped Golden Goose become an increasingly strong and aspirational brand.

In-store Experience

The immersive experience at our DOS is fundamental to our marketing strategy. We believe everything in our stores, from the product displays to our sales assistants, tells the story of our brand and our brand values. Our DOS designs emphasize innovation linked to the hand-made, Italian craftsmanship of our products, while placing customers at the center of attention. For example, the "Golden Goose Lab" sneakers personalization concept we launched in Milan creates authentic one-to-one experiences for our customers, resulting in a discerning customer-led brand experience whereby customers are able to personally customize sneakers in-store. Such meaningful in-store experiences resonate with customers, and may lead to increased consumer word-of-mouth or social media exposure for our brand. See "*—Distribution Channels—Direct-to-consumer—DOS (directly-operated stores).*"

In addition, we have developed a portable version of our "Golden Goose Lab" concept via our "Sneakers Maker" concept, which we have introduced in smaller DOS and the multi-brand stores of key wholesale partners. Our portable "Sneakers Maker" concept provides customers with the same one-to-one customization experience that our permanent concept offers.

Social Media and Influencers

We are active on social media platforms, including Facebook, Instagram, TikTok, WeChat, and Weibo, which we believe allows us to directly engage with our customers, increase brand recognition, communicate new product offerings and drive traffic to our stores and e-boutiques. Additionally, we use our social media presence to rollout our advertising campaigns in various formats. Across our global social media platforms, we enjoy a high engagement rate, with approximately 800,000 followers (as of December 31, 2020) located around the world (ranging from Australia to Argentina) and with particularly notable distributions in the United States, Italy and France. We maintain a best-in-class online net promoter score with the highest proportion of positive sentiment in online conversation as compared to our competitors. From September through November 2020, we had 7,000 mentions across social media platforms, of which 46% were positive sentiments and only 8% were negative, as compared to Gucci which had 29% positive sentiments and 15% negative. On Instagram, one of our key social media platforms, we reached an engagement rate, being the ratio of "likes" and comments on Instagram posts to number of Instagram followers, of 0.4% from September through November 2020 as compared to 0.3% for Alexander McQueen and 0.2% for Gucci. In November 2020, we had 0.7 million followers on Instagram, which was an increase of 9% from May 2020, as compared to a 4% growth rate for Alexander McQueen and 3% for Gucci. Additionally, on Instagram we have created trending hashtags, such as #DearGolden and #StayGolden, which foster a sense of brand community across the globe.

We believe that, as a result of our success and our strong brand recognition driven in large part by our social media presence, we have become popular with celebrities and influencers who wear our products publicly and to whom we occasionally gift our merchandise and who have the potential to become high-spending customers in their own right. We believe that as a result of our strong brand recognition and global luxury appeal, our high-quality fashion has been chosen by celebrities and social media influencers across Europe and the Americas, including global supermodels, global film and media stars and entertainment and sport stars. We also have a dedicated social media and influencer following in Asia, including on WeChat and Weibo platforms.

Other Digital Marketing

We rely on other digital marketing initiatives which drive customer engagement and loyalty. Our travel guide taps into the "travel" category through the use of showroom installations, catalogues and digital content. The travel guide is the centerpiece of our Golden Goose Passport app and acts as a gateway to customers' world exploration.

Additionally, we produce promotional films, such as "Light in a Golden Night" and "Star Back Home," which we release through Instagram and other social media platforms. Our unconventional and memorable videos are shot in collaboration with creative collectives and drive customer engagement and excitement.

Special Projects

As part of the 58th annual Venice Biennale in 2019, we collaborated with the Venice pavilion to create exclusive sneakers as part of a wider work of art through the city. During the Biennale, iconic areas across Venice were painted fluorescent yellow and our exclusive sneakers (with a fluorescent yellow colorway) allowed customers wearing them to become an active part of the city-wide art piece by simply walking around. The Biennale and other similar high-volume events provide us with a unique opportunity to create exclusive offerings while also becoming part of the event itself.

Information Technology

We manage our own information technology ("**IT**") systems that deploy and maintain the software we use on a daily basis to integrate and coordinate our global design and business activities and processes. Our IT systems provide a full range of business process support and information to our DOS, design, branding, sourcing and finance and point-of-sale teams (including e-commerce). We believe the combination of our business processes and systems provides us with improved operational efficiencies, scalability, increased management control and timely reporting that allow us to identify and respond to evolving consumer tastes. We utilize a combination of customized and industry standard software systems to provide various functions related to:

- product design and collection development;
- purchasing;

- production management
- inventory management;
- point-of-sale front office and back office applications;
- accounting and financial reporting; and
- human resources.

We are currently compliant with ISO27001, the international standard for information security that sets out the specification for an information security management system. In connection with this certification, we are required to monitor information security risks and vulnerabilities, design and implement security controls as a result of such risk and vulnerability assessments, and adopt a fluid feedback system that adapts the security system to the changing needs of the business. We believe the cybersecurity risks to our business are relatively low, as we do not process sensitive personal data on staff and customers on our business systems (for example, customer payment details in our digital channel are managed by third-party payment service providers). Nevertheless, we have implemented various initiatives to bolster our security, including training for our employees to identify fraudulent emails, extra layers of verification procedures before payments are made and a new firewall to prevent intrusions during remote log-ins. We aim to continue improving our security through medium-term initiatives such as multi-factor authentication, penetration testing on our corporate network and the implementation of a vulnerability management program.

We believe our IT systems are currently adequate to serve the needs of our business.

Intellectual Property

Intellectual property, which includes designs, copyrights and trademarks, as well as trade secrets and expertise, is important to our business. Our intellectual property portfolio is managed by a professional Italian law firm specializing in intellectual property. Our intellectual property management team routinely advises on the strategic functions related to intellectual property and, in accordance with the annual budget allocated for intellectual property and brand protection matters, provides all assets necessary to the development, enhancement, maintenance and protection of intellectual property.

Designs, Trademarks and Domain Names

As of March 31, 2021, we own 51 design registrations or applications for registration and 356 trademarks or trademark applications in several countries in which operations are pursued. Additionally, we own 351 domain names for websites, most of them containing the words "GGDB," "Golden Goose" and "Golden Goose Deluxe Brand."

Our most important registered trademarks (or pending trademarks where still in the application process) across multiple countries are the wordmarks "Golden Goose," "GGDB" and "Golden Goose Deluxe Brand," and the figurative marks the "star with two cut points" and "Golden Goose/half star" which are affixed to many of our products. We monitor potential infringement of our most significant trademarks. If one of our important trademarks is or may be infringed, we take any action we deem appropriate to protect our rights. We routinely file oppositions to trademark applications that may potentially infringe our rights in jurisdictions globally.

We are currently subject to limited intellectual property claims. Though the outcomes of these proceedings cannot be predicted with certainty, we do not believe that the resolution of these matters will be unfavorable and, in any case, that potential unfavorable outcomes would have a material impact on our financial position. See "*Risk Factors—Risks Related to Our Business and Industry—We may be unable to protect our trademarks and other intellectual property rights to the same extent in all territories, and we may infringe the intellectual property rights of third parties*."

Real Estate

In addition to our wholesale channels, we also distribute our products through our network of stores and concessions. All of our stores are leased pursuant to commercial lease agreements.

Headquarters

We operate two headquarters in Italy: our design headquarters in Marghera, Venice, and our corporate headquarters (encompassing wholesale, retail, PR, marketing and communication functions) in Milan. We maintain two further fully-equipped regional headquarters in the United States and South Korea to direct our global operations.

Stores

We lease all of our DOS pursuant to commercial lease agreements, which are negotiated with commercial landlords and generally conform to commercial practice in the geographies in which such DOS are located. For example, our DOS in South Korea benefit from fully variable commercial rents, whereby our rents are directly tied to sales generated by such stores, a feature typical in South Korea. In contrast, our commercial leases in other geographies combine both fixed and variable rents in differing proportions. The length of our leases is also market-dependent, with leases in South Korea averaging three years compared to an average of 10 years in Europe. See "*—Distribution Channels—Retail*."

Employees

As of December 31, 2020, we employed 760 people. The following table sets forth our employee headcount for the financial years ended December 31, 2018, 2019 and 2020, by type of employment.

	For the year ended December 31,		
	2018	**2019**	**2020**
Senior executives	10	15	17
Headquarters employees	91	195	234
Showroom employees	9	3	11
Direct store employees	262	414	498
Total Employee Count	**372**	**627**	**760**

Our executive management team brings significant experience in the luxury industry, including leadership roles at global brands such as Alexander McQueen, Calvin Klein, Emporio Armani and Geox. Our chairwoman, Maureen Chiquet, has previous leadership experiences in Chanel. In addition, we have also hired regional CEOs to further strengthen our on-the-ground presence.

Our organizational structure has been adapted to accommodate our recent growth with a view to creating a structure that is easily scalable to support the future needs of our business. Over the last three years, we have almost doubled the size of our teams, strengthening our regional teams with new CEOs in the United States and APAC. When combined with our other recent hires, mainly in our e-commerce and Start Lab teams, we believe our growth in human capital has resulted in a well-balanced combination of Golden Goose veterans and recent hires with broader luxury sector experience.

The terms and conditions for employees, including working hours, termination rights and benefits, are governed by standard employee contracts.

Legal and Administrative Proceedings

We have been, and may from time to time be, a party to legal disputes and administrative proceedings within the scope of our business activities. In particular, we have previously been a plaintiff or a defendant in trademark infringement claims. From time to time, we are also subject to certain audits by tax or social security authorities. Although the outcome of these legal disputes, administrative proceedings or audits cannot be predicted with certainty, we do not believe that the ultimate resolution of these matters and any current or potential future matters that we are currently aware of will have a material adverse effect on our financial condition or results of operations.

Insurance

We have product, public liability and property insurance coverage for risks like fire, lightning, storms, vandalism and strikes. In addition to other risk insurance, we have also acquired group accident insurance for certain employees and insurance relating to the transportation of our products.

We believe that we have adequate insurance coverage against all material risks that are typically insured by similar companies with comparable risk exposure. Insurance cover is regularly verified and adjusted when necessary. However, we may incur losses that are not covered by existing policies or that exceed the coverage level stipulated in our insurance policies. Furthermore, it is possible that we may not be able to maintain adequate insurance coverage at appropriate premiums in the future. See "*Risk Factors—Risks Related to Our Business and Industry—Our insurance coverage may not be adequate to cover all possible losses that we could suffer and our insurance costs may increase*."

Environmental, Social and Governance

We have developed various initiatives to address environmental, social and governance ("ESG") issues across our business. We seek to ensure a safe, fair and inclusive working environment for our employees, to support the communities in which we operate and to safeguard natural resources by reducing the impact of our operations on the environment. We believe that sustainable business practices can foster a sense of community beyond our organization, reflecting a duty of care for the world. To that end, we have implemented numerous sustainability initiatives, including appointing a Chief Sustainability Officer whose primary responsibilities include overseeing our newly-structured sustainability department, emphasizing sustainable operations across our supply chain from the procurement of raw materials to the production process undertaken by our suppliers. Under the direction of our new CSO, we have developed a sustainability roadmap that is integrated into our business strategy, as we believe sustainability is a long journey that affects all areas of our business. In particular, we are developing an extensive, ground-up approach to our production, with plans in the near future to combine artisanal production methods with sustainably sourced raw materials to produce products that are predominantly made from recycled or regenerative sources (for example, by using recycled or regenerative cotton and scrap rubber and other waste materials created as a byproduct of our traditional production processes). As our commitment to sustainability does not end after our products are sold, we are also developing initiatives to address the entire life-cycle of our products. As a luxury goods company, we believe that the products we choose to make reflect upon our principles and, therefore, that these sustainable products will promote Golden Goose values of accountability, authenticity, respect, transparency and inclusion. We hope that such processes will serve as an inspiration to our peers in the fashion industry and that they will form part of the common base of responsible business practices from which the fashion industry as a whole can move towards a more sustainable future. We believe that our drive for sustainability provides long-term cost and growth advantages, and that we will be well-positioned to capture new demand for sustainable products.

In addition, we carefully examine other areas of our business, including our board, cyber security, supply chain management and store operations, to make sure it is in line with our ESG standards. For example, in 2018 we launched an audit program of the majority of our suppliers, using external consultants, addressing social aspects including health and safety. Through this program, we did not identify any critical issues or non-compliance. Nevertheless, we plan to continue this audit program.

Our operations are also subject to various legal requirements relating to the protection of the environment, health and safety. We could incur cleanup obligations, penalties and third party claims as a result of violations of or liabilities under such requirements. We do not, however, believe that we have exposure to any material environmental compliance obligations, liabilities or risks with respect to our operations. We have established the necessary internal procedures to fully comply with the most stringent international regulations relating to product safety and the presence of hazardous and potentially hazardous chemical substances, including Regulation (EC) No. 1907/2006 of the European Parliament concerning the registration, evaluation and authorization of chemicals and applicable restrictions (known as the "**REACH**" regulations), Chinese Guobiao (GB) standards and Consumer Product Safety Improvement Act (CPSIA) standards in the United States CPSIA.

REGULATION

We are subject to the applicable laws and regulations of the various countries in which we operate, including requirements with respect to data protection and data privacy, the import and export of goods, product liability, labelling requirements and consumer protection. Set forth below are brief descriptions of the main regulatory frameworks to which we are subject. In the European Union, the regulatory framework consists of directives which must be transposed in each Member State. We are additionally subject to regulations concerning workplace safety, employment conditions and fire safety, which regulate all commercial and retail businesses generally.

Data protection and data privacy

Given that retailers process customer data (including for marketing purposes), compliance with data protection laws is a priority for us. We are subject to laws regarding privacy and protection of data and in particular to the EU General Data Protection Regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**GDPR**"), which became directly applicable in all European countries on May 25, 2018. The GDPR is aimed at ensuring there is a homogeneous regulatory framework in matters of personal data protection in the European Union and in respect of data subjects who are in the European Union. Under the GDPR, among other things, customers have the right to know what data has been collected concerning them and in certain circumstances, can ask us to expunge their data, which requires us to establish and implement certain protocols and procedures. We are also subject to the European Parliament and Council Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector ("**E-Privacy Directive**"). The E-Privacy Directive requires, among other things, that in certain circumstances retailers such as us obtain an individual's consent prior to undertaking electronic direct marketing activities. As of the date of this Offering Memorandum, we have in place the necessary privacy measures and procedures required by law and continually verify the compliance of our business activities. We have had no breaches of which we are aware. See also "*Risk Factors—Risks Related to Our Business—Our management of personal information and other customer data subjects us to European and national regulations and other legal obligations related to privacy, information security and data protection*."

Foreign trade and customs laws

We source most of our products from Europe, and all of our key suppliers are located in Italy. Within the European internal market, the principle of free movement of goods applies. With respect to import and export of goods from countries which are not Member States, we must comply with national and European foreign trade and customs regulations. At the EU level our relevant regulatory framework is based on the Modernized Customs Code (Regulation (EC) No 450/2008).

Whereas imports and exports within the European Economic Area (the "**EEA**") are in principle not liable to customs duty, the movement of goods beyond the frontiers of the EEA is subject to customs control. Customs offices may, from time to time, initiate customs inspections to assess whether customs regulations have been infringed.

Product liability

As a vendor, we are required to comply with consumer safety requirements applicable in many of the jurisdictions in which we operate and are potentially liable for any harmful consequences of the products we sell or distribute. This liability may be criminal or civil on the basis of several regimes. Moreover, specification agreements as well as codes of conduct submitted to our suppliers provide for clauses on compliance with the applicable standards and regulations (for example, Regulation (EC) No. 1907/2006 of the European Parliament concerning the registration, evaluation and authorization of chemicals and applicable restrictions (known as the "**REACH**" regulations)), guarantees relating to suppliers' skills and expertise, existence of adequate insurance policies and "product return" clauses under which the supplier undertakes to take back non-compliant or defective products subject to certain conditions.

Textile labelling laws

We are subject to European Regulation 2018/122/EU which concerns textile names and labelling and replaced European Directive 1007/2011/EC as of January 26, 2018. Pursuant to this regulation, textiles may only be made available on the European market if they are labelled with certain information, in particular with respect to the nature and weight proportion of the used raw materials.

In the United States, many laws, at both the federal and state level, govern the relationships between retailers and consumers of textile products. At the federal level, the Textile and Wool Acts, the application of which is controlled by the Federal Trade Commission, applies to the sale of textile products. It requires a label to be affixed detailing the composition, country of origin and identity of the manufacturer.

In China, we are subject to GB Standard regulating the use of chemical substances and labelling.

Consumer protection law

As a distributor, through our various stores and e-boutique, we are subject to a set of strict rules governing sales and relations between merchants and consumers (addressing such issues as labelling, terms of sale, regulation on unfair practices, information requirements, etc.) and, more generally, the functioning of our DOS (sales periods, administrative approval for trading, regulations covering buildings open to the public, accessibility and safety). In Italy, we are subject to the Italian Legislative Decree n. 206/2005 (the so-called "*Consumer Code"*) and subsequent amendments and integrations, adopted to implement several European Directives with the aim of protecting consumers.

MANAGEMENT

The Issuer

The Issuer is a joint stock company (*società per azioni*) incorporated under the laws of Italy, having its registered address in Milan, Italy, at Via Privata Ercole Marelli no. 10.

Board of Directors of the Issuer

The following table sets out the names, ages and positions of the directors of the Issuer. The directors can be reached at the registered address of the Issuer.

Name	Age	Position
Maureen Chiquet	58	Chairwoman
Silvio Campara	41	Managing Director
Danilo Piarulli	46	Director
Sandro Baggiani	58	Director
Giuseppe Farchione	60	Director
Francesco Pascalizi	42	Director
Tara Alhadeff	39	Director
Massimiliano Caraffa	46	Director
Giorgio Dinaro	32	Director

Summarized below is a brief description of the experience of the individuals who serve as members of the Board of directors of the Issuer.

Maureen Chiquet has served as Chairwoman of our company since 2020. Ms. Chiquet was Global Chief Executive Officer of Chanel from 2007 to 2016, where she oversaw the international expansion of the House of Chanel and grew the business in all categories. She previously worked at L'Oréal and Gap Inc. She holds a degree in Literature from Yale University.

Silvio Campara joined our company in 2013 as Chief Commercial Officer and was appointed Chief Executive Officer in 2018. Mr. Campara has served as Managing Director since 2020. He previously worked at Alexander McQueen then moved to Giorgio Armani, where he contributed to the retail launch of Giorgio Armani in Asia. He holds a Business Administration degree in fashion/apparel design from Bocconi University.

Danilo Piarulli was appointed General Manager of our company in 2018 and has served as a director since 2020. Previously, he was Chief Financial Officer of our company from 2013 to 2018. Before joining our company, Mr. Piarulli was Chief Financial Officer of Gruppo Novation, Subsidiaries Controller at Geox S.p.A. and Senior Auditor at PricewaterhouseCoopers. He holds a degree from the University of Udine and is currently an Advanced Management Program candidate at IESE Business School in Barcelona.

Sandro Baggiani joined our company in 2013 and was appointed Chief Operations Officer in 2017. Mr. Baggiani has served as a director since 2020. Before joining our company, he was Sourcing Director at Calvin Klein Jeans and General Manager at Macy's Merchandising Group.

Giuseppe Farchione has served as a director of our company since 2020. Mr. Farchione has over 35 years of experience working with companies in the private and public sectors. He is currently the Head of Restructuring at RSM Italy. In 2019, Mr. Farchione was appointed by the Ministry of Economic Development as Extraordinary Commissioner of Mercatone Uno Group and he is the Statutory Auditor of TUA S.p.A. He holds a Master's degree in Business Economics from the University of Pescara.

Francesco Pascalizi has served as a director of our company since 2020. Mr. Pascalizi is a Manager Director of Permira Associati SpA, where he focuses on investment opportunities in the Services sector. Mr. Pascalizi has further prior experience in private equity at Bain Capital, and additional experience in M&A at UBS. He holds a Business Administration degree from Bocconi University.

Tara Alhadeff has served as a director of our company since 2020. Ms. Alhadeff is a Partner at Permira Advisors LLP where she has been involved in consumer investing since 2008 and has worked across the spectrum of brands, retailers, and consumer internet. Prior to joining Permira, Ms. Alhadeff worked at Morgan Stanley. She holds a degree in Economics from Cambridge University and an MBA from Harvard Business School.

Massimiliano Caraffa has served as a director of our company since 2020. Mr. Caraffa is a Managing Director of the Carlyle European Buyout team based in Milan. Prior to joining Carlyle in 2004, Mr. Caraffa was a Business Analyst and Associate with McKinsey & Company in Milan for three years, where he focused on telecom and financial services. He holds a Master of Science degree in Electronic and Telecommunications Engineering from the University of Genoa and an MBA from INSEAD.

Giorgio Dinaro has served as a director of our company since 2020. Mr. Dinaro is a Manager of Permira Associati SpA., where he focuses on investment opportunities across the Consumer sector. Prior to joining Permira, Giorgio worked in the investment banking division at Bank of America Merrill Lynch. He holds a Bachelor's degree and a Master of Science degree from Bocconi University.

Senior Management of the Issuer

The senior management team of the Group is comprised of the following members:

Name	Age	Title
Silvio Campara	41	Chief Executive Officer
Paolo Dal Ferro	47	Chief Financial Officer
Sandro Baggiani	58	Chief Operations Officer
Danilo Piarulli	46	General Manager

Summarized below is a brief description of the experience of the individuals who serve as members of the senior management of the Group.

Paolo Dal Ferro joined the Issuer as Head of Controlling in 2018. In 2019, Mr. Dal Ferro was appointed Chief Financial Officer. Before joining our company, he was Chief Financial Officer of Retail at Geox S.p.A from 2016 to 2017. He holds a degree from Ca' Foscari University of Venice.

Compensation and Share Ownership

The aggregate compensation paid by the Group to key management personnel who are directors and/or senior executives of subsidiaries of the Group for the year ended December 31, 2020 was €5.3 million. See Note 37 to the 2020 H2 Audited Consolidated Financial Statements and the 2020 H1 Audited Consolidated Financial Statements.

The Group has also established a management equity participation plan. See "*Certain Relationships and Related Party Transactions—Management Incentive Plan.*"

PRINCIPAL SHAREHOLDERS

Our principal shareholders are (a) Permira Funds, a European private equity firm, which holds an 83% beneficial interest in the Group, (b) certain members of our management which hold an 8% beneficial interest in the Group and (c) certain other investors holding a combined 9% beneficial interest in the Group (collectively, "**Principal Shareholders**," and individually, each a "**Principal Shareholder**").

Permira Funds is a European private equity firm with a global reach. Permira, as adviser to the Permira Funds, has approximately 130 professionals in 15 offices worldwide; Frankfurt, Guernsey, Hong Kong, London, Luxembourg, Madrid, Menlo Park, Milan, New York, Paris, Seoul, Shanghai, Stockholm and Tokyo. Since 1985, it has raised €44 billion of committed capital across 15 buy-out funds. Over the last three decades, Permira Funds has completed over 200 transactions, investing over €9.6 billion across over 30 investments its five sectors: technology, consumer, financial services, healthcare and industrials. In October 2019, Permira Funds closed its latest fund, Permira VII at €11.8 billion.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We enter into transactions with certain related parties or our affiliates from time to time and in the ordinary course of our business. We believe these agreements are on terms no more favorable to the related parties or our affiliates than they would expect to negotiate with disinterested third parties. In addition to the transactions disclosed in Note 36 of the 2020 H2 Audited Consolidated Financial Statements, certain related party transactions are described below.

Management Incentive Plan

Under an incentive package granted in connection with the Acquisition, upon closing of the Acquisition, certain members of senior management and certain other employees in key departments of the Group subscribed to shares of Topco at fair value (the "**Management Incentive Plan**"). Such shares include, *inter alia*, priority of distribution of proceeds in the event of a direct or indirect sale of Golden Goose S.p.A., with such distribution amounts calculated on the basis of the sale price and the return on investment generated by the sale, and do not include voting rights. The agreements include standard good-leaver/bad-leaver provisions in the case of exiting senior management or other employees participating in the plan. From time to time, we have repurchased, and may in the future repurchase, such shares from exiting senior management or other employees participating in the plan (for example, in April 2021 we completed the repurchase of €0.6 million of such shares from two exiting members of management of the Issuer). The Management Incentive Plan is not entirely allocated and is open to subscription by additional members of management or certain employees who may join the Group in the future. See "*Corporate Structure and Certain Financing Arrangements*."

Indemnification Arrangements

To provide protection to individuals serving as our directors and executive officers, the current articles of association provide each of our present and former officers with an indemnity against loss or liability to the extent allowed by law. In addition, we maintain directors and officers insurance for the entire Group.

Consulting Services

Under the terms of Indenture, we will be permitted to pay up to €2.0 million per year plus certain additional amounts to Permira Funds for annual management, consulting, monitoring or advisory fees and related expenses.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following is a summary of the material terms of our principal financing arrangements to which we are a party. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. For further information regarding our existing indebtedness, see "Use of Proceeds," "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Revolving Credit Facility Agreement

Overview and structure

On June 8, 2020, the Issuer (formerly Astrum 3 S.p.A.) (as original borrower and original guarantor), Astrum 2 S.p.A. as Midco, Credit Suisse AG, Milan Branch, Goldman Sachs International Bank, Barclays Bank Ireland PLC, Bank of America Merrill Lynch International Designated Activity Company and Banca IMI S.p.A. (now merged into Intesa Sanpaolo S.p.A.) (as original lenders) and Wilmington Trust (London) Limited (as facility agent and security agent) (amongst others) entered into the Revolving Credit Facility Agreement.

The Revolving Credit Facility Agreement provides for borrowings of up to €75.0 million on a committed basis. The Revolving Credit Facility may be utilized by any current or future borrower under the Revolving Credit Facility Agreement in euro, U.S. dollars, Pound Sterling or certain other currencies (if agreed) by the drawing of cash advances, the issue of Letters of Credit (upon the appointment of an Issuing Bank) and by way of any Ancillary Facilities that may be made available thereunder (each as defined in the Revolving Credit Facility Agreement). On or prior to the Issue Date, we expect the Revolving Facility Agreement will be amended to remove the option to utilize the Revolving Credit Facility in Pound Sterling. Subject to certain exceptions, loans may be borrowed, repaid and re-borrowed at any time. Borrowings are available, amongst other things, to be used for general corporate and working capital purposes of the Group (as defined in the Revolving Credit Facility Agreement) including, without limitation, for payment of interest under the Notes.

In addition, the Issuer may elect to request additional facilities either as a new facility or as additional tranches or increase of an existing facility (including any previously incurred additional facility) under the Revolving Credit Facility Agreement (the "**Additional Facility Commitments**") in amounts up to the Credit Facilities Basket or to the extent it is exceeded, would otherwise constitute Permitted Debt. The Issuer and the lenders may agree to certain terms in relation to the Additional Facility Commitments, including the margin, the termination date and the availability period (each subject to parameters as set out in the Revolving Credit Facility Agreement). There are certain limitations (including as to maximum amount) on the ability to incur Additional Facility Commitments.

Availability

The Revolving Credit Facility has been available to be utilized from and including June 16, 2020 until its maturity.

Borrowers and Guarantors

The Issuer (formerly Astrum 3 S.p.A.) is the original borrower and original guarantor under the Revolving Credit Facility. A mechanism is included in the Revolving Credit Facility Agreement to enable certain of the Issuer's subsidiaries to accede as additional borrowers or additional Guarantors under the Revolving Credit Facility, subject to certain conditions. The Revolving Credit Facility Agreement also requires that, subject to, for the avoidance of doubt, the section entitled "*Guarantees*" below, in the future each member of the Group (as defined in the Revolving Credit Facility Agreement) which is or becomes a Material Company (as defined in the Revolving Credit Facility Agreement), or is otherwise required to become a guarantor in order to satisfy the Guarantor Coverage Test (as defined below), becomes an additional Guarantor under the Revolving Credit Facility Agreement (subject to agreed security principles included in the Revolving Credit Facility Agreement).

Maturity and Repayment Requirements

The Revolving Credit Facility matures on December 16, 2026. Each advance will be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility must be repaid in full on or prior to the maturity date for the Revolving Credit Facility. Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be re-borrowed during its availability period, subject to certain conditions. The termination date for a facility under an Additional Facility Commitment is the date agreed between the Issuer and the relevant lenders.

Interest Rate and Fees

The interest rate on loans under the Revolving Credit Facility is the rate *per annum* equal to the aggregate of the applicable margin plus LIBOR (or, in relation to advances in euro, EURIBOR or, in relation to advances in U.S. dollars, any base rate agreed between the relevant parties to the Revolving Credit Facility after the Issue Date as a replacement for LIBOR) (as each term is defined in the Revolving Credit Facility Agreement). The initial margin under the Revolving Credit Facility was 3.50% *per annum*. Given that at least two complete Financial Quarters have elapsed since June 16, 2020, provided that no Material Event of Default (as such term is defined in the Revolving Credit Facility Agreement) or Event of Default arising in relation to a failure to deliver a required Compliance Certificate has occurred and is continuing, the margin on the loans shall be reduced if the Consolidated Net Leverage Ratio (as such term is defined in the Revolving Credit Facility Agreement) is within a certain range as detailed in the Revolving Credit Facility Agreement.

A commitment fee is payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility which began to accrue from (and including) June 16, 2020 to (and including) the last day of the availability period for the Revolving Credit Facility at the rate of 30% of the then applicable margin for the Revolving Credit Facility. The commitment fee is payable quarterly in arrears on (i) either (at the Issuer's sole and absolute discretion) the last day of each successive period of three Months which ends during the availability period or each quarter date occurring during the availability period (subject to certain notification requirements); (ii) the last day of the availability period of the Revolving Credit Facility; and (iii) if cancelled, on the cancelled amount of the relevant lender's commitment under the Revolving Credit Facility at the time such cancellation is effective.

Default interest on overdue amounts is calculated at a rate which is 1% higher than that applicable to the loans under the Revolving Credit Facility.

The Issuer is also required to pay customary agency fees to the facility agent and the Security Agent in connection with the Revolving Credit Facility Agreement.

Guarantees

The Issuer has provided a senior guarantee of all amounts payable to the Finance Parties (as defined in the Revolving Credit Facility Agreement) by it or any of its subsidiaries which accede to the Revolving Credit Facility Agreement as additional borrowers or additional Guarantors.

The Revolving Credit Facility Agreement requires that (subject to agreed security principles) each subsidiary of the Issuer that is or becomes a Material Company (which definition includes, among other things, any member of the Group (as defined in the Revolving Credit Facility Agreement) that has earnings before interest, tax, depreciation and amortization representing more than 5% of our consolidated EBITDA (as defined in the Revolving Credit Facility Agreement), subject to certain exceptions)) will be required to become an additional Guarantor under the Revolving Credit Facility Agreement within 180 days of the last date (including any applicable extension or grace period) on which the applicable annual financial statements for the relevant fiscal year demonstrating that such subsidiary is a Material Company were required to be delivered.

Furthermore, if on the last day of a fiscal year of the Issuer the guarantors under the Revolving Credit Facility Agreement represent less than 80% of the aggregate EBITDA of wholly-owned members of the Group incorporated in Guarantor Jurisdictions (on a consolidated basis and excluding the EBITDA of any on-balance sheet joint ventures and any member of the Group that is not required to or cannot become a guarantor due to legal prohibitions or the agreed security principles) (subject to certain exceptions) (the "**Guarantor Coverage Test**") the Issuer must, within 180 days of the last date (including any applicable extension or grace period) on which the applicable annual financial statements for the relevant year were required to be delivered, cause sufficient members of the Group to accede to the Revolving Credit Facility Agreement as additional Guarantors (subject to agreed security principles and certain exceptions) to satisfy the Guarantor Coverage Test (to be calculated as if such additional Guarantors had been guarantors on such last day of the relevant fiscal year). "**Guarantor Jurisdiction**" means Italy and any state within the United States and the District of Columbia (provided that if a Borrower is incorporated in a jurisdiction which is not a Guarantor Jurisdiction, the jurisdiction of that borrower shall become a Guarantor Jurisdiction for the purposes of the agreed security principles, but only in relation to that borrower).

Security

Under the terms of the Intercreditor Agreement, proceeds from the enforcement of the Collateral (whether or not shared with the holders of the Notes) will be required to be applied to repay indebtedness outstanding in respect of the Revolving Credit Facility in priority to the Notes.

Any Material Company or other member of the Group (each as defined in the Revolving Credit Facility Agreement) located in a Guarantor Jurisdiction which becomes a guarantor of the Revolving Credit Facility is required (subject to agreed security principles) to grant security over certain of its material assets and (if wholly owned by other members of the Group) to have its shares (or equivalent ownership interests) secured in favor of the Security Agent.

Representations and Warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties, subject to certain customary materiality, actual knowledge and other qualifications, exceptions and baskets, including, without limitation: (i) status and incorporation; (ii) binding obligations; (iii) non-conflict with constitutional documents, laws or other obligations; (iv) power and authority; (v) authorizations; (vi) governing law and enforcement; (vii) no event of default; and (viii) accuracy of most recent financial statements delivered (and with certain representations and warranties being repeated by reference to the facts and circumstances then existing on each utilization date and on the first day of each interest period).

Covenants

The Revolving Credit Facility Agreement contains certain incurrence covenants and related definitions (with certain adjustments) that generally reflect the proposed terms of the Indenture. See "*Description of the Notes—Certain Covenants*." In addition, the Revolving Credit Facility Agreement also contains certain other affirmative and negative covenants. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, actual knowledge or other qualifications, exceptions and baskets.

The Revolving Credit Facility Agreement also contains a financial covenant, a brief description of which is set out below.

Affirmative Covenants

The affirmative covenants include, among others: (i) providing certain financial information, including annual audited and quarterly financial statements and compliance certificates; (ii) authorizations, (iii) compliance with laws and regulations; (iv) payment of taxes; (v) maintenance of *pari passu* ranking of the Revolving Credit Facility; (vi) maintenance of intellectual property; (vii) satisfaction of Guarantor Coverage Test; and (viii) further assurance provisions.

Negative Covenants

The negative covenants include restrictions, among others, with respect to: (i) the holding company activities of Midco; (ii) deliberately changing centers of main interest; (iii) proceeds of any utilization being used to extend credit for the purchase or carrying any margin stock; and (iv) non-compliance with economic sanctions.

Covenant Suspension

Certain of the covenants under the Revolving Credit Facility Agreement will be suspended upon (i) a public offering of equity securities by any member of the Group (as defined in the Revolving Credit Facility Agreement) or any holding company of a member of the Group other than the Initial Investors and their Holding Companies (each as defined in the Revolving Credit Facility Agreement) and an achievement of a Leverage Ratio (defined as the ratio of Consolidated Net Leverage on the date of such determination to Consolidated EBITDA for the period of the most recent four fiscal quarters ending prior to the date of such determination, each such term as defined in the Revolving Credit Facility Agreement) equal to or less than 3.50:1 (pro forma for any prepayment of certain indebtedness from the proceeds of such public offering) or (ii) an achievement by the Issuer (or any of its affiliates) of a long-term corporate credit rating of Baa3/BBB− or better by Moody's Investor Services, Inc., Standard & Poor's Investors Ratings Services or Fitch Ratings Ltd.

Mandatory Prepayment Requirements upon a Change of Control

On a Change of Control (as defined in the Revolving Credit Facility Agreement), the Issuer shall promptly notify the facility agent (the "**Agent Notice**") who shall promptly notify the lenders under the Revolving Credit Facility Agreement and any issuing bank accordingly.

Each lender shall be entitled to cancel its commitments and require repayment of all its share of utilizations and payment of all amounts owing to it under the Senior Finance Documents and each issuing bank shall be entitled to require than any letters of credit issued by it are prepaid and cancelled, in each case by notification to the facility agent within 15 business days of the Agent Notice, whereupon, (i) the undrawn commitments of such lender shall, by no less than 5 business days’ prior notice to the issuer, be cancelled and such lender shall have no obligation to fund or participate in any new utilization (including in any new ancillary facility, fronted ancillary facility or letter of credit); and (ii) on the date falling no later than 60 days after the Agent Notice, all outstanding utilizations (including ancillary outstandings) shall become immediately due and payable and the relevant borrower will immediately prepay or procure the prepayment of all utilizations provided by that lender and procure that any cash collateral provided by that lender is released and any ancillary facility, fronted ancillary facility and letter of credit is prepaid and cancelled.

Financial Covenants

If, on any quarter date in respect of the period of the most recent four consecutive financial quarters, the aggregate amount outstanding of all loan utilizations under the Revolving Credit Facility (or any other facility that has the benefit of the springing financial covenant) exceeds an amount equal to 40 per cent. of the total commitments under the Revolving Credit Facility (or any other facility that has the benefit of the springing financial covenant), the Issuer is required to confirm whether or not the Leverage Ratio (defined as the ratio of Consolidated Net Leverage on the date of such determination to Consolidated EBITDA for the period of the most recent four fiscal quarters ending prior to the date of such determination, each such term as defined in the Revolving Credit Facility Agreement) on such quarter date for the period of last twelve months ending on that quarter date (subject to certain provisions and adjustments) exceeds 8.35:1.00.

Any excess in the financial ratio test set out above will only permit the lenders under the Revolving Credit Facility Agreement to prevent a new utilization of the Revolving Credit Facility (excluding rollovers of existing utilizations) and will not constitute, or result in, a breach of any representation, warranty, undertaking, default, event of default or other term in the Revolving Credit Facility Agreement or any finance documents pertaining thereto.

The Issuer is permitted to prevent or cure excesses in the Leverage Ratio as described above by applying any cure amount (being amounts received by the Issuer in cash pursuant to any new equity or permitted subordinated debt) towards Consolidated EBITDA (an “**EBITDA Cure**”) or towards Consolidated Net Indebtedness (a “**Net Debt Cure**”) (each as defined in the Revolving Credit Facility Agreement). There is no requirement to apply any cure amount in prepayment of the Revolving Credit Facility. No more than four EBITDA Cure amounts may be taken into account during the term of the Revolving Credit Facility with no more than two EBITDA Cures in any three successive financial quarters and no more than five such Net Debt Cures during the terms of the Revolving Credit Facility.

Events of Default

The Revolving Credit Facility Agreement contains substantially the same events of default, with certain adjustments, as those applicable to the Notes as set forth in the section entitled “*Description of the Notes—Events of Default*.” In addition, the Revolving Credit Facility Agreement contains the following events of default:

- inaccuracy of a representation or statement when made;
- breach of the Intercreditor Agreement; and
- unlawfulness, repudiation, rescission, invalidity or unenforceability of the finance documents entered into in connection with the Revolving Credit Facility Agreement.

Intercreditor Agreement

On June 8, 2020 the Issuer as Company and Original Debtor and Astrum 2 S.p.A. as Original Investor and Midco, Credit Suisse AG, Milan Branch, Goldman Sachs International Bank, Barclays Bank Ireland PLC, Bank of America Merrill Lynch International Designated Activity Company and Banca IMI S.p.A. (now merged into Intesa Sanpaolo S.p.A.) (the "**RCF Lenders**"), and the Security Agent, among others, entered into an intercreditor agreement (the "**Intercreditor Agreement**"), to which the Trustee shall accede on or around the Issue Date. Certain hedging providers and certain subsidiaries of the Issuer (such subsidiaries, the "**Debtors**") may accede in the future. By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and shall be deemed to have authorized the Trustee to accede to the Intercreditor Agreement on its behalf.

The following description is a summary of certain provisions, among others, contained in the Intercreditor Agreement and which relate to the rights and obligations of the holders of the Notes following the Trustee's accession to the Intercreditor Agreement on the Issue Date. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines certain rights of the holders of the Notes.

The Intercreditor Agreement sets out, among other things, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

Unless otherwise defined in this section or elsewhere in this Offering Memorandum to the extent not defined in the Intercreditor Agreement, capitalized terms set forth and used in this section 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.

Parties

Upon the issuance of the Notes, the principal parties to the Intercreditor Agreement will be: (i) Astrum 2 S.p.A. in the capacity of Original Investor and Midco, (ii) the Issuer as Company and Senior Secured Debt Issuer, (iii) the agent for the finance parties under the Revolving Credit Facility Agreement (the "**RCF Facility Agent**"), (v) the Original RCF Lenders, (vi) the Trustee as trustee for the Notes, (vii) the Security Agent and (x) Credit Suisse AG, Milan Branch, Goldman Sachs International, Barclays Bank Ireland Plc, Bank of America Merrill Lynch International Designated Activity Company and Banca IMI S.p.A. (now merged into Intesa Sanpaolo S.p.A.) as RCF Arrangers.

The "**Super Senior Creditors**" include the RCF Lenders together with, upon accession, the Cash Management Providers and Priority Hedge Counterparties (each as defined below).

The "**Senior Secured Creditors**" include holders of the Original Senior Secured Notes (as defined in the Intercreditor Agreement) and the Trustee with, upon accession, the Non-Priority Hedge Counterparties (as defined below) and the Permitted Senior Secured Financing Creditors (as defined below, including the holders of the Senior Secured Notes).

The "**Senior Secured Notes**" means the Notes.

The "**Group**" means the Issuer and its Restricted Subsidiaries.

The "**Holdco Group**" means the Group from time to time and at any time after the incurrence of any Senior Liabilities by any Holding Company of the Issuer, such Senior Debt Issuer and its Restricted Subsidiaries.

The Intercreditor Agreement allows for accession by certain future creditors in order to share (to the extent set out in the Intercreditor Agreement) in the relevant security, including:

(i) hedge counterparties pursuant to interest rate and foreign exchange hedging agreements in respect of liabilities to the RCF Lenders, liabilities to the holders of the Senior Secured Notes, the Permitted Senior Secured Financing Liabilities, the Permitted Senior Financing Liabilities and any other indebtedness which is not prohibited under the Secured Debt Documents and which ranks *pari passu* with any of the foregoing listed debt, which are secured on a super senior basis with (among other liabilities) the Revolving Credit Facility (the "**Priority Hedging Agreements**" and the providers thereof the "**Priority Hedge Counterparties**");

(ii) hedge counterparties pursuant to interest rate or foreign exchange hedging agreements which are secured on a *pari passu* basis with (among other liabilities) the Senior Secured Notes and are not Priority Hedging Agreements (the "**Non-Priority Hedging Agreements**" and the providers thereof, the "**Non-Priority Hedge Counterparties**" and together with the Priority Hedge Counterparties, the "**Hedge Counterparties**," the Non-Priority Hedging Agreements together with the Priority Hedging Agreements, the "**Hedging Agreements**");

(iii) creditors of the Senior Secured Notes and future indebtedness of the Group (the "**Permitted Senior Secured Financing Creditors**"), which is not prohibited under the terms of the Revolving Credit Facility Agreement and the Senior Secured Notes, is *pari passu* with, and not subordinated in right of payment to, the liabilities owed to the Senior Secured Creditors and which is not prohibited, under the terms of the Revolving Credit Facility Agreement or the Senior Secured Notes, from sharing in the Transaction Security with the rights and obligations of Permitted Senior Secured Financing Creditors (the "**Permitted Senior Secured Financing Debt**") the liabilities owed to such creditors being the "**Permitted Senior Secured Financing Liabilities**");

(iv) creditors of future indebtedness of the Holdco Group (the "**Permitted Senior Financing Creditors**"), which is not prohibited under the terms of the Revolving Credit Facility and the Senior Secured Notes and which is subject to certain provisions of the Intercreditor Agreement, junior to, and subordinated in right of payment to, the liabilities owed to the Senior Secured Creditors ("**Permitted Senior Financing Debt**"), the liabilities owed to such creditors being the "**Permitted Senior Financing Liabilities**," the agreements evidencing such liabilities and the fee letters in connection therewith (and any other document or instrument designated as such by the Issuer and the agent, trustee or other relevant representative in respect of such liabilities (the "**Permitted Senior Financing Representative**")) being the "**Permitted Senior Debt Documents**"; and

(v) providers of cash management, overdraft, current account, guarantee, bonding, documentary, stand-by letter of credit, short term loan facility, derivatives facility, and/or any other treasury service facility or other facility or accommodation required in connection with the business of the Group (the "**Cash Management Provider**") which is not prohibited under the terms of the Revolving Credit Facility and the Senior Secured Notes and which is subject to certain provisions of the Intercreditor Agreement and ranks *pari passu* with other Super Senior Creditor Liabilities.

In addition: (i) any shareholder of the Issuer that is a creditor of certain indebtedness of the members of the Holdco Group (an "**Investor**") shall be a party to the Intercreditor Agreement in that capacity. The Intercreditor Agreement contains customary subordination provisions and restrictions relating to the receivables owing from any member of the Holdco Group to any such Investor (the "**Investor Liabilities**"); and (ii) each member of the Group (if not already party to the Intercreditor Agreement as an Intra-Group Lender) and which is or becomes a creditor in respect of any Indebtedness of an Debtor (excluding any Indebtedness which is outstanding for a period of less than 60 days and of any members of the Group not incorporated in a Guarantor Jurisdiction) in an aggregate principal amount outstanding exceeding €10,000,000 (or its equivalent in other currencies) or, if higher, an amount equal to 10% of Consolidated EBITDA, accedes to the Intercreditor Agreement as an Intra-Group Lender. "**Intra-Group Lender**" means certain members of the Group that lend to a Debtor that is a member of the Group. "**Intra-Group Liabilities**" means such loans or indebtedness owed by any Debtor that is a member of the Group to any of the Intra-Group Lenders in its capacity as such. The Intercreditor Agreement contains subordination provisions relating to any such Intra-Group Liabilities. However, Debtors will not be prohibited from incurring, amending or making payments in respect of any Intra-Group Liabilities until an acceleration event under the Revolving Credit Facility or the Indenture is continuing; and (iii) if a Holding Company of the Issuer lends to a member of the Group (the "**Holdco Lender**") it shall be a party to the Intercreditor Agreement with respect to such loans or indebtedness made to members of the Group (the "**Holdco Liabilities**"), which includes the on-lending of the proceeds of any Permitted Senior Financing Debt by the Holdco Lender (the "**Holdco (Proceeds Loan) Liabilities**"). The Intercreditor Agreement contains subordination provisions relating to any such Holdco Liabilities.

The Intercreditor Agreement also includes the ability to: (i) replace the Revolving Credit Facility Agreement with a replacement revolving credit facility benefiting from a similar position under the terms of the Intercreditor Agreement; and (ii) issue further senior secured notes and/or senior notes after the Issue Date. The terms set out in this summary in relation to the Revolving Credit Facility will apply to such replacement revolving credit facility and in relation to the Notes, will apply to such further senior secured notes.

Ranking and Priority

Priority of Indebtedness

The Intercreditor Agreement provides that the liabilities of the Debtors (other than any Senior Debt Issuer, as defined in the Intercreditor Agreement) shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

(a) ***first***, the liabilities owed to the Super Senior Creditors (the "**Super Senior Creditor Liabilities**"), the liabilities owed to the Senior Secured Creditors including with respect to the Senior Secured Notes (the "**Senior Secured

Liabilities"), the liabilities owed to any Cash Management Providers (the "**Cash Management Liabilities**"), the liabilities owed to any Hedge Counterparty (the "**Hedging Liabilities**") (to the extent not already included in the Super Senior Creditor Liabilities), the Permitted Senior Secured Financing Liabilities, the Trustee and any representative acting as a trustee under any issue of notes (the "**Trustee Liabilities**"), the liabilities owed to any agent (the "**Agent Liabilities**" other than due to any Senior Agent) under any Debt Documents (as such term is defined in the Intercreditor Agreement) the liabilities owed to any arranger under any Debt Document (the "**Arranger Liabilities**" other than due to any Permitted Senior Financing Arranger) and the liabilities owed to the Security Agent (excluding any parallel debt liabilities or similar), *pari passu* and without any preference between them;

(b) ***second***, any guarantee liabilities owed to any Permitted Senior Financing Creditor (the "**Senior Guarantee Liabilities**," and, together with the Permitted Senior Financing Issuer Liabilities, the "**Senior Liabilities**") *pari passu* and without any preference between them;

(c) ***third***, the Holdco (Proceeds Loans) Liabilities;

(d) ***fourth***, the Intra-Group Liabilities; and

(e) ***fifth***, the Holdco Liabilities (other than the Holdco (Proceeds Loans) Liabilities).

The Intercreditor Agreement also provides that the liabilities of any Senior Debt Issuer 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 Super Senior Creditor Liabilities, the Senior Secured Liabilities, the Hedging Liabilities (to the extent not already included in Super Senior Creditor Liabilities), the Agent Liabilities, the Arranger Liabilities, the liabilities owed to the Security Agent (excluding any parallel debt liabilities or similar), the Trustee Liabilities, any Senior Notes Issuer Liabilities , any Senior Liabilities due by any Senior Debt Issuer in its capacity as a principal debtor with respect to the Permitted Senior Financing Liabilities (the "**Permitted Senior Financing Issuer Liabilities**") *pari passu* and without any preference amongst them; and

(b) ***second***, any Investor Liabilities.

Priority of Security

The Intercreditor Agreement provides that (subject to the proceeds of such security being distributed in accordance with the Payments Waterfall defined below) the security provided for the Super Senior Creditor Liabilities, the Senior Secured Liabilities (including the Permitted Senior Secured Financing Liabilities), the Hedging Liabilities (to the extent not already included in the Super Senior Creditor Liabilities), the Cash Management Liabilities, the Agent Liabilities (other than due to any Senior Agent), the Arranger Liabilities (other than due to any Permitted Senior Financing Arranger), the liabilities owed to the Security Agent (excluding any parallel debt liabilities or similar) and the Trustee Liabilities (the "**Transaction Security**") shall secure these liabilities *pari passu* and without any preference among them (but only to the extent that such Transaction Security is expressed to secure those liabilities).

The Intercreditor Agreement contemplates that certain of the Collateral that is permitted to also be for, or is expressed to be for, or is not prohibited from being for, the benefit of the Permitted Senior Financing Creditors by the terms of the finance documents shall be "Shared Security" as defined in the Intercreditor Agreement (the "**Shared Security**") and shall rank and secure liabilities listed at (a) and (b) below in the following order:

(a) ***first***, the Super Senior Creditor Liabilities, Senior Secured Liabilities (including the Permitted Senior Secured Financing Liabilities), the Hedging Liabilities (to the extent not already included in the Super Senior Creditor Liabilities), the Agent Liabilities, the Arranger Liabilities, the liabilities owed to the Security Agent (excluding any parallel debt liabilities or similar), and the Trustee Liabilities, *pari passu* between them (but only to the extent that such Transaction Security is expressed to secure those liabilities); and

(b) ***second***, the Senior Notes Liabilities and the Permitted Senior Financing Liabilities *pari passu* between them (but only to the extent that such Transaction Security is expressed to secure those liabilities).

The Investor Liabilities, the Holdco Liabilities and the Intra-Group Liabilities shall not be secured by the Transaction Security or the Shared Security.

Payments and Prepayments; Subordination of the Permitted Senior Financing Debt

The Debtors and Midco may make payments and prepayments in respect of the Senior Secured Liabilities and the Trustee Liabilities at any time in accordance with their terms.

The Debtors may make payments and prepayments in respect of the Priority Hedging Agreements and the Non-Priority Hedging Agreements if such payment is a scheduled payment arising under any such agreement or other customary payments under such agreement.

Any Senior Debt Issuer may make payments and prepayments in respect of any Senior Liabilities at any time in accordance with the terms of the relevant senior debt documents in its capacity as a borrower, issuer or equivalent.

Prior to the discharge of all Senior Secured Liabilities and all the Super Senior Creditor Liabilities due to the RCF Lenders (themselves the "**Senior Secured Debt Liabilities**" and such date being "**Senior Secured Debt Discharge Date**" and with the discharge date of all Super Senior Creditor Liabilities due to the RCF Lenders being the "**RCF Lenders Discharge Date**"), no member of the Group may make payments in respect of the Senior Liabilities without the Required Senior Consent (as that term is defined in the Intercreditor Agreement) except, and in addition to the paragraph above, as permitted by the Intercreditor Agreement including the following:

(1) if:

(a) the payment is permitted or not prohibited from being paid by the Senior Secured Debt Documents;

(b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Senior Liabilities (a "**Senior Payment Stop Notice**") is outstanding; and

(c) no event of default under the finance documents in respect of the Senior Secured Debt Liabilities arising by reason of non-payment of any amounts due in connection therewith (a "**Senior Secured Payment Default**") has occurred and is continuing; or

(2) such payments are pursuant to a provision in the Senior Debt Document which is substantially equivalent to provisions in the Revolving Credit Facility Agreement pertaining to illegality of a lender and no acceleration event has occurred and is continuing under Senior Secured Debt Documents;

(3) if the payment is of Senior Liabilities or Holdco (Proceeds Loan) Liabilities outstanding which would have been payable but for the issue of a Senior Stop Payment Notice (which has since expired) which has been capitalized and added to the principal of the Senior Liabilities;

(4) if the payment is of a Senior Notes Trustee Amount or Agent Liabilities (including amounts due to Senior Agent);

(5) costs and expenses of any holder of a mortgage, charge, pledge, lien or other security interest having a similar effect ("**Security**") in relation to the protection, preservation or enforcement of such Security;

(6) of any costs, commissions, taxes, premiums, amendment, consent and/or waiver fees and any expenses incurred in respect of (or reasonably incidental to) the Senior Debt Documents; and any refinancing of the Senior Liabilities not prohibited by the Senior Secured Debt Documents, including in relation to any reporting or listing requirements under the Senior Secured Debt Documents;

(7) following the occurrence of a Senior Event of Default which is continuing, all or part of the Senior Liabilities being released or otherwise discharged solely in consideration for the issues of shares in any Holding Company of the Issuer subject to certain restrictions; or

(8) if the payment is of a de minimis amount of EUR 2,500,000 (or equivalent) in aggregate in any 12 month period.

Prior to the Senior Secured Debt Discharge Date, if a Senior Secured Payment Default is continuing all payments in respect of the Senior Liabilities (other than those for which Required Senior Consent has been obtained) will be suspended.

In addition, if an event of default (other than a Senior Secured Payment Default) under the finance documents in respect of the Senior Secured Debt Liabilities (each "**Senior Secured Event of Default**") is continuing and any relevant Permitted Senior Financing Representative has received a Senior Payment Stop Notice from either the RCF Facility Agent or a Senior Secured Notes Trustee (as such term is defined in the Intercreditor Agreement) or other relevant representative of the Permitted Senior Secured Financing Debt (each, a "**Senior Secured Agent**"), from the date the relevant Permitted Senior Financing Representative, the Security Agent and the Issuer receive the Senior Payment Stop Notice, all payments in respect of Senior Liabilities (other than those for which Required Senior Consent has been obtained) are suspended until the earliest of:

(a) 179 days after the receipt by the relevant Senior Agent of the Senior Payment Stop Notice;

(b) in relation to payments of Senior Liabilities, if a Senior Standstill Period (as defined below) is in effect at any time after delivery of that Senior Payment Stop Notice, the date on which that Senior Standstill Period expires;

(c) the date on which there is a waiver or remedy of the relevant Senior Secured Event of Default;

(d) the date on which the Senior Secured Agent which delivered the Senior Payment Stop Notice notifies (among others) the Issuer, the Senior Agents and the Security Agent that the Senior Payment Stop Notice is cancelled;

(e) the Senior Secured Debt Discharge Date; and

(f) the date on which the Security Agent or Senior Secured Agent takes any enforcement action (including acceleration and/or demand for payment and certain similar actions) ("**Enforcement Action**") against a Debtor or Midco which it is permitted to take in accordance with the Intercreditor Agreement,

provided that none of the circumstances described above shall prevent any Senior Debt Issuer from making or the Senior Creditors from receiving payments in respect of the Senior Liabilities in accordance with the terms of the relevant Senior Debt Documents as a borrower and/or an issuer but only to the extent that the payment is not funded from the proceeds of a payment received from a member of the Group which is otherwise prohibited by the above.

No new Senior Payment Stop Notice may be served by a Senior Secured Agent unless 360 days have elapsed since the immediately prior Senior Payment Stop Notice. No Senior Payment Stop Notice may be served in respect of a Senior Secured Event of Default more than 60 days after the date that the Senior Secured Agent received notice of that Senior Secured Event of Default. No Senior Secured Agent may serve more than one Senior Payment Stop Notice with respect to the same event or set of circumstances, and no Senior Payment Stop Notice may be served in respect of a Senior Secured Event of Default notified to a Senior Secured Agent at the time at which an earlier Senior Payment Stop Notice was issued.

If a Senior Payment Stop Notice ceases to be outstanding or the relevant Senior Secured Event of Default or Senior Secured Payment Default has ceased to be continuing (by being waived by the relevant creditors/creditor's representative or remedied) the relevant Debtor may then make those payments it would have otherwise been entitled to pay under the Permitted Senior Financing Debt and if it does so promptly any Senior Event of Default (and any cross-default or similar provision under any other debt document) which may have occurred as a result of that suspension of payments shall be waived and any notice which may have been issued as a result of that Senior Event of Default shall be waived. A Senior Secured Payment Default is remedied by the payment of all amounts then due.

Restrictions on Enforcement by the Senior Creditors; Senior Standstill Period

Without prejudice to the rights of the Senior Creditors to take Enforcement Action in relation to the Senior Liabilities, prior to the Senior Secured Debt Discharge Date, no Senior Creditor shall:

(a) direct the Security Agent to enforce or otherwise require the enforcement of any Transaction Security; or

(b) take or require the taking of any Enforcement Action in relation to the Senior Guarantee Liabilities,

without the prior consent of or as required by an Instructing Group (as defined below), except that such restriction will not apply if:

(a) an event of default under the finance documents in respect of the Senior Liabilities (a "**Senior Event of Default**") is continuing;

(b) each Senior Secured Agent has received notice of the relevant Senior Event of Default from the relevant Senior Agent;

(c) a Senior Standstill Period (as defined below) has expired; and

(d) the relevant Senior Event of Default is continuing at the end of the Senior Standstill Period.

A "**Senior Standstill Period**" shall mean the period starting on the date that the relevant Senior Agent serves an enforcement notice on each of the Senior Secured Agents until the earliest of:

(a) 179 days after such date;

(b) the date on which the Senior Secured Parties take any Enforcement Action in relation to a particular guarantor of the Senior Liabilities (a "**Senior Guarantor**"), *provided* that the Senior Creditors may only take the same Enforcement Action against such Senior Guarantor as is taken by the Senior Secured Parties;

(c) the date on which an insolvency event occurs in respect of any Senior Guarantor, in which case Enforcement Action is to be taken only against such Senior Guarantor;

(d) the date of the consent of the relevant Senior Secured Agents (acting on behalf of the relevant creditors); and

(e) the expiration of any other Senior Standstill Period which was outstanding at the date that the current Senior Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

Consultation

Prior to the Credit Facility Lender Discharge Date, if the Security Agent has received Conflicting Enforcement Instructions (as defined in the Intercreditor Agreement), it shall promptly notify each Hedge Counterparty (as applicable) and the Senior Secured Agents (each, an "**Agent**") and such Agents will consult with each other and the Security Agent in good faith for 30 days from the earlier of (i) the date of the latest such Conflicting Enforcement Instruction and (ii) the date falling ten Business Days after the date the original Enforcement Proposal (as such term is defined in the Intercreditor Agreement) is delivered in accordance with the Intercreditor Agreement (the "**Consultation Period**").

No such consultation shall be required where the Agents are in agreement with regard to any proposed Enforcement Action, or if:

(a) any of the Transaction Security has become enforceable as a result of an insolvency event; or

(b) creditors holding more than $66^2/_3$% of the participations in the Super Senior Credit Liabilities (the "**Majority Super Senior Creditors**") or the creditors holding more than 50% of the participations in the Senior Secured Liabilities (the "**Majority Senior Secured Creditors**") determine in good faith (and notify each other representative agent of the Super Senior Creditors, the Senior Secured Creditors and the Permitted Senior Secured Financing Creditors, as applicable) that any delay caused by such consultation could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce any of the Transaction Security or the realization proceeds of any enforcement of the Transaction Security; or

(c) if the relevant Senior Secured Agents agree that no consultation period is required.

Following the Consultation Period (or if the Consultation Period was terminated or not required as provided for above), there shall be no further obligation to consult and the Security Agent may act in accordance with the instructions as to enforcement (an "**Enforcement**") then or previously received from the Instructing Group (as defined below) and the Instructing Group may issue instructions as to Enforcement to the Security Agent at any time thereafter.

If the Majority Super Senior Creditors or the Majority Senior Secured Creditors (acting reasonably) consider that the Security Agent is enforcing the Transaction Security in a manner which is not consistent with the Security Enforcement Principles (as defined below), subject to the above, the relevant Senior Secured Agent shall give notice to the other representatives after which each such representative shall consult with the Security Agent for a period of 30 days (or such lesser period as the Senior Secured Agents may agree) with a view to agreeing the manner of Enforcement, *provided* that such representatives shall not be obliged to consult more than once in relation to each Enforcement.

For the purposes of Enforcement, an "**Instructing Group**" means, if prior to the Credit Facility Lender Discharge Date (as that term is defined in the Intercreditor Agreement), the Majority Super Senior Creditors and the Majority Senior Secured Creditors, *provided* that if:

(a) the Super Senior Creditor Liabilities have not been repaid in full in cash within six months of the date of the first instructions of Enforcement given to the Security Agent; or

(b) the Security Agent has not commenced any Enforcement (or any transaction in lieu thereof) or other Enforcement Action within three months of the date of the first instructions of Enforcement given to the Security Agent, then the Security Agent shall thereafter follow any instructions that are given (at the same time or subsequently) by the Majority Super Senior Creditors (in each case provided the same comply with the Security Enforcement Principles ("**Qualifying Instructions**") to the exclusion of those given by the Majority Senior Secured Creditors (to the extent conflicting with any instructions previously given by the Majority Senior Secured Creditors) and "Instructing Group" in relation to such Enforcement shall mean the Majority Super Senior Creditors.

Subject to the foregoing, if at the end of the Consultation Period, the Security Agent has received Conflicting Enforcement Instructions then, in relation to such Enforcement, "Instructing Group" shall mean the Majority Senior Secured Creditors, *provided* that such instructions from the Majority Senior Secured Creditors are Qualifying Instructions, it being acknowledged that, subject to the other provisions of the Intercreditor Agreement, the timeframe for the realization of value from the enforcement of the Transaction Security or Distressed Disposal (as defined below) pursuant to such instructions will be determined by the Majority Senior Secured Creditors.

Security Enforcement Principles

The Intercreditor Agreement provides that Enforcement instructions must be consistent with the following principles (the "**Security Enforcement Principles**"):

(a) It shall be the primary and overriding aim of any enforcement of the Transaction Security to maximize, so far as is consistent with a prompt and expeditious realization of value from Enforcement of the Transaction Security, recovery by the Super Senior Creditors and the Senior Secured Creditors (the "**Security Enforcement Objective**").

(b) The Transaction Security will be enforced and other action as to Enforcement will be taken such that either (i) all proceeds of Enforcement are received by the Security Agent in cash for distribution in accordance with the Payments Waterfall (as defined below); or (ii) if Enforcement is at the direction of the Majority Senior Secured Creditors, sufficient proceeds from Enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the Payments Waterfall, the Super Senior Creditor Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise).

(c) The Enforcement Action must be prompt and expeditious it being acknowledged that, subject to the other provisions of the Intercreditor Agreement, the time frame for the realization of value from the Enforcement of the Transaction Security or Distressed Disposal will be determined by the Instructing Group, *provided* that it is consistent with the Security Enforcement Objective.

(d) On (i) a proposed Enforcement of any of the Transaction Security over assets other than shares in a member of the Holdco Group, where the aggregate book value of such assets exceeds €5,000,000 (or its equivalent); or (ii) a proposed Enforcement of any of the Transaction Security over some or all of the shares in a member of the Holdco Group over which Transaction Security exists, the Security Agent shall, upon instruction from the Instructing Group (unless it is incompatible with enforcement proceedings in a relevant jurisdiction) appoint an accounting firm of international standing and reputation, any reputable and independent international investment bank or other reputable and independent professional services firm with experience in restructuring and enforcement, in each case as selected by the Security Agent acting reasonably and in good faith (a "**Financial Advisor**") to opine as expert that the proceeds received from any such Enforcement are fair from a financial point of view after taking into account all relevant circumstances (the "**Financial Advisor's Opinion**").

(e) The Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement.

(f) The Financial Advisor's Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other Enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met.

(g) Where the Instructing Group is the Majority Senior Secured Creditors, the Majority Senior Secured Creditors may waive the requirement for a Financial Advisor's Opinion where sufficient proceeds from enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the Payments Waterfall below, the Super Senior Creditor Liabilities are repaid and discharged in full.

(h) In the event that an Enforcement of the Transaction Security is over assets and shares referred to in (d) above and such Enforcement is conducted by way of public auction, the Super Senior Creditors and the Senior Secured Creditors shall be entitled to participate in such auction on the basis of equal information and access rights as other bidders and financiers in the auction. There is no requirement in the Security Enforcement Principles summarized in this paragraph (h) that requires the Enforcement of Transaction Security to take place by way of public auction.

(i) In the absence of written notice from a Secured Party or group of Secured Parties that are not part of the relevant Instructing Group that such Secured Party/ies object to any Enforcement of the Transaction Security on the grounds that such Enforcement Action does not aim to achieve the Security Enforcement Objective (an "**Objection**"), the Security Agent is entitled to assume that such Enforcement of the Transaction Security is in accordance with the Security Enforcement Objective.

(j) If the Security Agent receives an Objection (and without prejudice to the ability of the Security Agent to rely on other advisors and/or exercise its own judgment in accordance with the Intercreditor Agreement), a Financial Advisor's Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other Enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) to the effect that the particular action could reasonably be said to be aimed at achieving the Security Enforcement Objective will be conclusive evidence that the requirement of paragraph (a) above has been met.

The Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors and the Majority Senior Secured Creditors, *provided* that no additional obligations may be imposed on a member of the Holdco Group without the consent of the Issuer.

Turnover

Subject to certain exclusions set out therein, the Intercreditor Agreement also provides that if any Senior Secured Creditors, Senior Creditors or Super Senior Creditors (each, a "**Primary Creditor**") receives or recovers the proceeds of any enforcement of all or part of the Transaction Security or any Distressed Disposal other than in accordance with the Payments Waterfall, then it shall:

- in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold an amount of that receipt or recovery equal to the relevant liabilities on trust for the Security Agent and separate from other assets, property or funds and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Certain further turnover obligations following receipt of non-permitted payments apply to Senior Notes Creditors, Permitted Senior Financing Creditors and Subordinated Creditors.

Application of Proceeds/Waterfall

All amounts from time to time received or recovered by the Security Agent in connection with the realization or enforcement of all or any part of the Transaction Security (other than the Shared Security) and all amounts required to be turned over pursuant to the Intercreditor Agreement (the "**Enforcement Proceeds**") 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, in the following order of priority (the "**Payments Waterfall**"):

- *first*, in discharging any Agent Liabilities owing to an Agent, any Senior Secured Notes Trustee Amounts, Senior Note Trustee Amounts, any Security Agent Liabilities owing to the Security Agent, any receiver or any of its delegates, on a *pro rata* and *pari passu* basis;

- *second*, in or towards payment of all costs and expenses incurred by the Super Senior Creditors in connection with any realization or enforcement of the Transaction Security (other than Shared 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;

- *third*, in payment to the Super Senior Creditors for application towards the discharge of the Super Senior Creditor Liabilities on a *pro rata* basis and *pari passu*;

- *fourth*, in payment of all costs and expenses incurred by the Senior Secured Creditors in connection with any realization or enforcement of the Transaction Security (other than Shared 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;

- *fifth*, in payment to the Senior Secured Creditors for application towards the discharge of Senior Secured Liabilities on a *pro rata* basis and *pari passu*; and

- *sixth*, after the Final Discharge Date (as defined in the Intercreditor Agreement), in payment of the balance, if any, to the relevant Debtor, Midco or any other person entitled to it.

All amounts from time to time received or recovered by the Security Agent in connection with the realization or enforcement of all or any part of the Shared Security 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, in the following order of priority:

- *first*, in discharging any Agent Liabilities owing to an Agent, any Senior Secured Notes Trustee Amounts, Senior Note Trustee Amounts, any Security Agent Liabilities owing to the Security Agent, any receiver or any of its delegates, on a *pro rata* and *pari passu* basis;

- *second*, in payment of all costs and expenses incurred by any Super Senior Creditor in connection with any realization or enforcement of the Shared Security taken in accordance with the terms of this Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

- *third*, in payment to the Super Senior Creditors for application towards the discharge of the Super Senior Creditor Liabilities on a *pro rata* basis and *pari passu*;

- *fourth*, in payment of all costs and expenses incurred by the Senior Secured Creditors in connection with any realization or enforcement of any Shared 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;

- *fifth,* in payment to the Senior Secured Creditors for application towards the discharge of the Senior Secured Liabilities on a *pro rata* basis and *pari passu*;

- *sixth*, in payment of all costs and expenses incurred by any Senior Creditor in connection with any realization or enforcement of the Shared Security taken in accordance with the terms of this Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

- *seventh*, in payment to the Senior Creditors for application towards the discharge of the Senior Liabilities on a pro rata basis and *pari passu*; and

- *eighth*, following the Final Discharge Date, the balance, if any, in payment to the relevant Debtor to the relevant Debtor, Midco or any other person entitled to it.

Release and/or Transfer of Claims and Liabilities in Respect of the Permitted Senior Financing Debt and the Senior Secured Notes and the Transaction Security

Non-distressed Disposal

(a) Each Secured Party has agreed to and irrevocably authorized each other Secured Party to, within 5 business days (or any shorter period agreed with the Issuer) of receipt of a written request from the relevant Debtor, Midco or the Issuer, promptly release from the Transaction Security and the relevant documents:

(i) any Transaction Security (and/or any other claim relating to a relevant finance document (a "**Secured Debt Document**")) over any asset which is the subject of:

(A) a disposal not prohibited by the terms of any Secured Debt Document including a disposal to a member of the Holdco Group or Midco without prejudice to any obligation to provide replacement security which, if required, shall be provided at the time such disposal is effected; or

(B) any merger, consolidation, reorganization, initial public offering or other transaction not prohibited by the terms of any Secured Debt Document pursuant to which that asset will cease to be held or owned by a member of the Holdco Group or Midco or whereby a release of such asset is required or desirable to effect such merger, consolidation, reorganization, initial public offering or other transaction (a "**Relevant Transaction**");

(ii) any Transaction Security (and/or any other claim relating to a Secured Debt Document) over any document or other agreement requested in order for any member of the Holdco Group or Midco 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 Secured Debt Document);

(iii) any Transaction Security (and/or any other claim relating to a Secured Debt Document) over any asset of Midco or any member of the Holdco Group which has ceased to be a Debtor in accordance with the terms of the Secured Debt Documents; and

(iv) any Transaction Security (and/or any other claim relating to a Secured Debt Document) over any other asset to the extent that such release is in accordance with the terms of the Secured Debt Documents.

(b) 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 Relevant 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, in each case, *provided* that such disposal or other Relevant Transaction is not prohibited under a Secured Debt Document, each of the Security Agent (on behalf of itself and the Secured Parties) and (to the extent applicable) each other Secured Party will (at the request and cost of the relevant Debtor, Midco or the Issuer) promptly (and not later than 3 business days following such request) release that Debtor and its Subsidiaries from all present and future liabilities (both actual and contingent) under the Secured Debt Documents and the respective assets of such Debtor and its Subsidiaries (and the shares in any such Debtor and/or Subsidiary) from the Transaction Security and the Secured Debt Documents (including any claims relating to a Secured Debt Document and any guarantee or other liabilities).

When making any request for a release pursuant to the above the Issuer will confirm in writing to the Security Agent that: (i) in the case of any release requested pursuant to sub-paragraph (a)(i), (a)(ii) or(b) above, the relevant disposal or other action is not prohibited by the terms of any Secured Debt Document and in the case of any release requested pursuant to sub-paragraph (a)(iii) above, the relevant release is in accordance with terms of the Secured Debt Documents and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

The Security Agent will (at the cost and expense of the relevant Debtor, Midco or the Issuer but without the need for any further consent, sanction, authority or further confirmation from any Creditor, Debtor or Midco) or the Issuer enter into and deliver such documentation and/or take such other action as the Issuer (acting reasonably) will require to give effect to any release or other matter contemplated by this section.

Without prejudice to the foregoing and for the avoidance of doubt, if requested by the Issuer in accordance with the terms of any of the Secured Debt Documents, the Security Agent and the other Secured Party will (at the cost of the relevant Debtor, Midco and/or the Issuer) within 5 business days (or any shorter period agreed with the Issuer) of receipt of a written request from the relevant Debtor, Midco execute any guarantee, security or other release and/or any amendment, supplement or other documentation relating to the Transaction Security documents as contemplated by the terms of any of the Secured Debt Documents (and the Security Agent is authorized by the Secured Parties to execute, and will promptly execute if requested by the Issuer, without the need for any further any consent, sanction, authority or further confirmation from any Secured Party, any such release or document on behalf of the Secured Parties). When making any request pursuant to this paragraph, the Issuer will confirm in writing to the Security Agent that such request is in accordance with the terms of a Secured Debt Document and the Security Agent will 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 Issuer pursuant to the Revolving Credit Facility Agreement as part of a Permitted Transaction (as that term is defined in the Revolving Credit Facility Agreement) (a "**Permitted Transaction Request**"), when making that request the Issuer will confirm to the Security Agent that 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 the Security Agent will 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 the Senior Debt Documents, if any member of the Holdco Group or Midco is required or not prohibited under the Senior Debt Documents from applying, the proceeds of any disposal or other transaction in prepayment, redemption or any other discharge or reduction of any Senior Secured Liabilities:

- no such application of those proceeds will require the consent of any party or Senior Creditor or will result in a direct or indirect breach of any Senior Debt Document; and

- any such application will discharge in full any obligation to apply those proceeds in prepayment, redemption or any other discharge or reduction of any Senior Liabilities.

The above paragraph is without prejudice to any right of any member of the Holdco Group or Midco to apply any proceeds of any disposal or other transaction in prepayment, redemption or any other discharge or reduction of any Senior Financing Liabilities to the extent permitted or contemplated by the Intercreditor Agreement or not prohibited by any other Secured Debt Document.

The Security Agent and (to the extent applicable) each other Secured Party is irrevocably authorized to:

- release the Transaction Security; and

- release each investor (an "**Investor**"), Debtor and other member of the Holdco Group and Midco 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 Issuer), subject, in respect of the second bullet point above, to certain agency or trustee protective provisions in any of the Secured Debt Documents, which will survive the termination of the Intercreditor Agreement.

Distressed Disposal

A "**Distressed Disposal**" means a disposal of an asset of a member of the Holdco Group subject to the Transaction Security or, in the case of Midco, an asset of Midco which is subject to Transaction Security, and in each case, which is:

(a) being effected at the request of an Instructing Group in circumstances where the Transaction Security has become enforceable in accordance with the terms of the relevant Transaction Security documents;

(b) being effected by enforcement of the Transaction Security in accordance with the terms of the relevant Transaction Security documents; or

(c) being effected, after the occurrence of an Acceleration Event, by a Debtor or Midco to a person or persons which is not a member of the Holdco Group.

Where a Distressed Disposal is being effected, the Intercreditor Agreement provides that the Security Agent is authorized:

(i) to release the Transaction Security, or any other claim over that asset and execute and deliver or enter into any release of that Transaction Security, or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of an Debtor, to release on behalf of the relevant Creditors, Debtors and Agents (a) that Debtor and any subsidiary of that Debtor from all or any part of: (x) the liabilities it may have as a principal Debtor in respect of financial indebtedness arising under the Debt Documents (whether incurred solely or jointly) (the "**Borrowing Liabilities**"); (y) the liabilities under the Debt Documents (present or future, actual or contingent and whether incurred solely or jointly) it may have as or as a result of its being a guarantor or surety or giving an indemnity, contribution or subrogation and in particular any guarantee or indemnity arising under or in respect of the Senior Secured Liabilities Documents or the Permitted Senior Debt Documents (as each such term is defined in the Intercreditor Agreement) (the "**Guarantee Liabilities**") and (z) any trading and other liabilities (not being Borrowing Liabilities or Guarantee Liabilities) it may have to any Agent (other than any Hedge Counterparty), Arranger (as such term is defined in the Intercreditor Agreement), any Intra-Group Lender or any Debtor (the "**Other Liabilities**"); (b) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and (c) any other claim of an Investor, an Intra-Group Lender, Midco or other Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release on behalf of the relevant Creditors, Debtors and Agents (a) that holding company and any subsidiary of that holding company from all or any part of its Borrowing Liabilities, Guarantee Liabilities and Other Liabilities; (b) any Transaction Security granted by that holding company or any subsidiary of that holding company over any of its assets; and (c) any other claim of any Investor, Intra-Group Lender. Midco or another Debtor over the assets of that holding company or of any subsidiary of that holding company;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor and the Security Agent decides to dispose of all or any part of (y) all present and future moneys, debts, liabilities and obligations due at any time of any Debtor or any holding company of such Debtor or any subsidiary of such Debtor or holding company owed to any Creditor under the Debt Documents, both actual and contingent and whether incurred solely or jointly with any other person or in any other capacity, together with any additional liabilities (the "**Liabilities**"); or (z) any liabilities owed by that Debtor to any other Debtor (whether actual or contingent and whether incurred solely or jointly) (the "**Debtor Liabilities**") (A) if the Security Agent does not intend that any transferee of those Liabilities or Debtor Liabilities will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all 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 does intend that any transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of (I) all (and not part only) of the Liabilities owed to the Primary Creditors; and (II) all or part of any other Liabilities and the Debtor Liabilities, on behalf of, in each case the relevant creditors, Midco and Debtors; and

(v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "**Disposed Entity**") and the Security Agent decides to transfer to another Debtor all or part of the Disposed Entity's obligations or any obligations of any Subsidiary of that Disposed Entity in respect of (x) the Intra-Group Liabilities; (y) the Holdco Liabilities; or (z) the Debtor Liabilities, to execute and deliver or enter into any agreement to (A) agree to the transfer of all or part of the obligations in respect of those Intra-Group Liabilities, Holdco Liabilities or Debtor Liabilities on behalf of the relevant Intra-Group Lenders, relevant Holdco Lenders and relevant Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and (B) to accept the transfer of all or part of the obligations in respect of those Intra-Group Liabilities, Holdco Liabilities or Debtor Liabilities on behalf of the receiving entity or receiving entities to which the obligations in respect of those Intra-Group Liabilities, Holdco Liabilities or Debtor Liabilities are to be transferred.

If a Distressed Disposal is being effected such that Shared Security or Senior Guarantees will be released an/or any Senior Liabilities will be released or disposed of, it is a condition to the release that either:

(i) each Senior Agent has approved the release and/or disposal (as applicable) (acting on the instructions of the required percentage of Senior Creditors in respect of which it is the Senior Agent under the relevant Senior Debt Documents); or

(ii) where shares or assets of a Senior Guarantor or assets of any Senior Debt Issuer are sold:

(A) the proceeds of such sale or disposal are in cash (or substantially in cash); and

(B) all present or future obligations owed to the Super Senior Creditors and Senior Secured Creditors under the applicable Secured Debt Documents (the "**Senior Secured Debt Documents**") and the Hedging Agreements by a member of the Holdco Group all of whose shares are sold or disposed of pursuant to such Distressed Disposal, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and such obligations are not assumed by the purchaser or one of its affiliates), and all Transaction Security in respect of the assets that are sold or disposed of is simultaneously and unconditionally released concurrently with such sale, provided that if each Senior Secured Agent (acting reasonably and in good faith):

- determines that the Super Senior Creditors and the Senior Secured Creditors (excluding in each case for these purposes the Hedge Counterparties) 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

- 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:

- pursuant to a public auction; 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 and the circumstances giving rise to such sale or disposal, *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 of a Distressed Disposal

The net proceeds of a Distressed Disposal (and the net proceeds of any disposal of Liabilities or Debtor Liabilities) will be paid to the Security Agent for application in accordance with the provisions set forth under "—*Application of Proceeds/Waterfall*" as if those proceeds were the proceeds of an enforcement of the Transaction Security.

Voting and Amendments

Voting in respect of the Revolving Credit Facility, the Senior Secured Notes and/or Permitted Senior Secured Financing Debt will be in accordance with the relevant documents.

Except for amendments of a minor, technical or administrative nature which may be effected by the Security Agent and subject to the paragraph below and certain customary exceptions contained in the Intercreditor Agreement, amendments to or waivers and consents under the Intercreditor Agreement require the written consent of:

(a) if the relevant amendment or waiver (the "**Proposed Amendment**") is prohibited by the Revolving Credit Facility Agreement, the RCF Facility Agent in accordance with that agreement;

(b) if any Senior Secured Notes (including the Notes) have been issued and the Proposed Amendment is prohibited by the terms of the relevant Senior Secured Notes Indenture (as defined in the Intercreditor Agreement), the relevant Senior Secured Notes Trustee (as such term is defined in the Intercreditor Agreement);

(c) if any Permitted Senior Secured Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Senior Secured Financing Agreement, the Permitted Senior Secured Financing Representative in respect of that Permitted Senior Secured Financing Debt in accordance with that agreement;

(d) if any Senior Notes have been issued and the Proposed Amendment is prohibited by the terms of the relevant Senior Notes Indenture (as defined in the Intercreditor Agreement), the relevant Senior Notes Trustee (as such term is defined in the Intercreditor Agreement);

(e) if any Permitted Senior Financing Debt (including the Existing Senior Notes) has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Senior Debt Document, the Permitted Senior Financing Representative (as defined in the Intercreditor Agreement) in respect of that Permitted Senior Financing Debt in accordance with that document;

(f) 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 Issuer to the Security Agent at the time of the relevant amendment or waiver);

(g) if a Cash Management Provider is providing one or more Cash Management Facilities to a Debtor under a Cash Management Document, that Cash Management Provider (in each case only to the extent that the relevant amendment or waiver adversely affects the continuing rights and/or obligations of that Cash Management Provider and is an amendment or waiver which is expressed to require the consent of that Cash Management Provider under the applicable Cash Management Document, as notified by the Issuer to the Security Agent at the time of the relevant amendment or waiver);

(h) the Investors; and

(i) the Issuer.

An amendment, waiver or consent which only affects secured parties under one Debt Document and does not materially and adversely affect the interests of other creditors, will require only the written agreement from the affected Secured Parties.

Other than when any such amendments, waivers or consents would adversely affect the nature of the Charged Property or the manner in which enforcement proceeds are applied, the Security Agent may, if authorized by an Instructing Group, and if the Issuer consents, amend the terms of, waive any of the requirements of or grant consents under, any of the Transaction Security documents which shall be binding on each party to the Intercreditor Agreement.

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 terms of the immediately preceding paragraph do not apply to any release of Transaction Security, claim or Liabilities or to any consent which the Security Agent gives in accordance with certain clauses of the Intercreditor Agreement.

Option to Purchase

Following an acceleration event under the Revolving Credit Facility Agreement or the Indenture, in relation to any Permitted Senior Secured Financing Debt or in relation to any Permitted Senior Financing Debt (an "**Acceleration Event**") that is continuing and after having given all other Senior Secured Notes Creditors and Permitted Senior Secured Financing Creditors the opportunity to participate in the purchase for a period of no longer than 10 business days, by giving 10 days' notice to the Security Agent, the holders of the Original Senior Secured Notes or the Permitted Senior Secured Financing Liabilities (including the holders of the Senior Secured Notes) may require the transfer to them of all, but not part, of the rights, benefits and obligations in respect of the Credit Facility Lender Liabilities and Cash Management Liabilities (as each such term is defined in the Intercreditor Agreement), subject to certain conditions (including but not limited to full payment of all Credit Facility Lender Liabilities, cash cover, and associated costs and expenses, and provision of certain indemnities).

Following an Acceleration Event or the enforcement of any Transaction Security and after a Senior Secured Acceleration Event (as defined in the Intercreditor Agreement), a simple majority of the Senior Agents may and after having given all other Permitted Senior Financing Creditors the opportunity to participate in the purchase for a period of no longer than 10 business days, by giving 10 days' notice to the Security Agent, require the transfer to them of all, but not part, of the rights, benefits and obligations in respect of the Senior Secured Liabilities, *provided* that certain conditions are met.

Hedging

All scheduled payments arising under a Hedging Agreement are permitted payments for the purposes of the Intercreditor Agreement.

The Intercreditor Agreement contains customary provisions in relation to the circumstances in which a Priority Hedge Counterparty and a Non-Priority Hedge Counterparty may take Enforcement Action in relation to its hedging.

General

The Intercreditor Agreement contains provisions dealing with:

(a) close-out rights for the Priority Hedge Counterparties and the Non-Priority Hedge Counterparties;

(b) permitted payments (including without limitation, the repayment of Investor Liabilities and the payment of permitted distributions in each case to the extent not prohibited under the terms of the Revolving Credit Facility Agreement, the Indenture, or the finance documents relating to the Permitted Senior Secured Financing Debt or the Permitted Senior Financing Debt;

(c) incurrence of Permitted Senior Secured Financing Debt or additional Permitted Senior Financing Debt that will allow certain creditors and agents with respect to such Permitted Senior Secured Financing Debt or additional Permitted Senior Financing Debt, as the case may be, to accede to the Intercreditor Agreement and benefit from, and be subject to, the provisions of the Intercreditor Agreement so long as not prohibited under the Revolving Credit Facility Agreement, the Existing Indentures or the Indenture; and

(d) customary protections for the Security Agent, any future Senior Agents, any future Permitted Senior Secured Financing Representative, the Trustee of the Notes, and the trustees of the Senior Secured Notes and the Senior Notes.

The Intercreditor Agreement is governed by English law and the courts of England have exclusive jurisdiction to settle any disputes arising from it.

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this "*Description of the Notes*" under the heading "*Certain Definitions*." For purposes of this "*Description of the Notes*," references to the "*Issuer*" are to Golden Goose S.p.A. only and not to any of its Subsidiaries. References to "*we*" or "*us*" are to the Issuer and its Subsidiaries, taken as a whole. In addition, references "*Midco*" are to Astrum 2 S.p.A., the direct parent company of the Issuer, only and not to any of its Subsidiaries.

The Issuer will issue EUR 480.0 million aggregate principal amount of Floating Rate Senior Secured Notes due 2027 (the "*Notes*"). The Notes will be issued under an indenture to be dated as of the Issue Date (the "*Indenture*"), between, *inter alios*, the Issuer and Wilmington Trust, National Association, as trustee (the "*Trustee*") and legal representative of the Holders of the Notes (*mandatario con rappresentanza*) under the Indenture, common representative (*rappresentante comune*) of the Holders of the Notes pursuant to articles 2417 and 2418 of the Italian Civil Code, The Bank of New York Mellon, London Branch, as paying agent, The Bank of New York Mellon SA/NV, Dublin Branch, as transfer agent (the "*Transfer Agent*") and registrar (the "*Registrar*"), and Wilmington Trust (London) Limited, as security agent (the "*Security Agent*") and as representative (*rappresentante*) pursuant to and for the purposes set forth under article 2414-*bis*, 3rd paragraph of the Italian Civil Code (in such capacity, the "*Representative*"), in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Security Documents and the Intercreditor Agreement. It does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes, the Security Documents and the Intercreditor Agreement because they, and not this description, define your rights as Holders of the Notes. Copies of the Indenture, the form of Note, the Security Documents and the Intercreditor Agreement are available as set forth in this offering memorandum under the caption "*Listing and General Information*."

The gross proceeds of the offering of the Notes sold on the Issue Date, together with cash on hand, will be used to complete the Refinancing (as defined in this Offering Memorandum) and to pay fees and expenses in connection with the Transactions, each as set forth in this Offering Memorandum under the caption "*Use of Proceeds*." Upon the initial issuance of the Notes, the Notes will be obligations solely of the Issuer.

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement (as defined below). The terms of the Intercreditor Agreement are important to understanding relative ranking of indebtedness and security, the ability to make payments in respect of the indebtedness, procedures for undertaking enforcement action, subordination of certain indebtedness, turnover obligations, release of security and any future guarantees and the payment waterfall for amounts received by the Security Agent.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the U.S. Securities Act and are subject to certain transfer restrictions.

As of the Issue Date, all of our Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture. However, under the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Our Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not guarantee the Notes.

The Notes

The Notes will:

- be general senior obligations of the Issuer, secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes, including the obligations of the Issuer under the Revolving Credit Facility Agreement, certain cash management obligations, if any, and certain Hedging Obligations, if any; *provided* that, pursuant to the terms of the Intercreditor Agreement, in the event of a distressed disposal of the Collateral or an enforcement of the security interests over the Collateral, counterparties to certain cash management obligations and certain Hedging Obligations, if any, and creditors under the Revolving Credit Facility Agreement will be repaid with the proceeds from the enforcement of the Collateral in priority to the Notes;

- rank senior in right of payment to any existing and future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;

- be effectively subordinated to any existing or future Indebtedness or obligation of the Issuer and its Subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness or obligation; and

- be structurally subordinated to any existing or future Indebtedness of the Subsidiaries of the Issuer that are not Guarantors, including obligations to trade creditors.

Initially, none of the Issuer's Subsidiaries will Guarantee the Notes and the Issuer will not have any obligation to cause any of its Subsidiaries to Guarantee the Notes in the future (except as required under the circumstances described below under the caption "*—Certain Covenants—Limitation on Additional Guarantees*").

The Notes will be represented by one or more registered Notes in global registered form, but in certain circumstances may be represented by Definitive Registered Notes (see "*Book-Entry, Delivery and Form*").

Principal, Maturity and Interest

On the Issue Date, the Issuer will issue EUR 480.0 million in aggregate principal amount of Notes. The Notes will mature on May 14, 2027. The Notes will be issued in minimum denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof.

Interest

Interest on the Notes will accrue at a rate per annum (the "*Applicable Rate*"), reset quarterly, equal to the sum of (i) three-month EURIBOR plus (ii) 4.875%, as determined by the Calculation Agent.

Interest on the Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;

- be payable in cash quarterly in arrears on February 15, May 15, August 15 and November 15, commencing on August 15, 2021;

- be payable to the Holder of record of such Notes on the Business Day immediately preceding the related interest payment date; and

- be computed on the basis of a 360-day year and the actual number of days elapsed on the aggregate principal amount outstanding.

Interest on overdue principal, interest, premium or Additional Amounts will accrue at a rate that is 1% higher than the rate of interest otherwise applicable to the Notes.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the Notes.

"*Determination Date*" with respect to an Interest Period, means the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

"*EURIBOR*" with respect to an Interest Period, will be the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Screen EURIBOR 01 Page as of 11.00 a.m. Brussels time, on the Determination Date. If Reuters Screen EURIBOR 01 Page does not include such a rate or is unavailable on a Determination Date, the Issuer will request the principal London or Frankfurt office of each of four major banks in the Eurozone interbank market, as selected by the Issuer, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11.00 a.m., Brussels time, on such Determination Date, to prime banks in the Eurozone interbank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Issuer will request each of three major banks in London or Frankfurt, as selected by the Issuer, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11.00 a.m., Brussels time, on such Determination Date, for loans in a Representative Amount in euro to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided, then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period. If, in any case, that rate determined in accordance with the above is less than zero, such rate shall be deemed to be zero.

If the Issuer determines in good faith prior to any Determination Date, that:

(1) there has been a material disruption to EURIBOR;

(2) EURIBOR is not available for use temporarily, indefinitely or permanently;

(3) there are restrictions or prohibitions on the use of EURIBOR;

(4) an alternative rate has replaced EURIBOR in customary market practice in the international capital markets applicable generally to floating rate notes; or

(5) it has become unlawful for the Calculation Agent, the Issuer or a third party agent of the Issuer to calculate any payments due to Holders using EURIBOR,

a Rate Determination Agent, acting in good faith and in a commercially reasonable manner, shall select a successor rate to EURIBOR that is substantially comparable to EURIBOR or that has been recommended or selected by the relevant monetary authority or similar authority (or working group thereof) or by a widely recognized industry association or body or that has developed or is expected to develop as an industry accepted rate for debt market instruments such as or comparable to the Notes (and any applicable adjustment spread required to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of EURIBOR (the "*Adjustment Spread*")) for use in calculating the Applicable Rate (the "*Successor Rate*"), and the Issuer shall certify (by way of an Officer's Certificate) to each of the Trustee, the Calculation Agent and the Paying Agent, at least two Business Days prior to any Determination Date, such Successor Rate (and the Adjustment Spread) (upon which each of the Trustee, the Calculation Agent and the Paying Agent shall be entitled to rely conclusively and absolutely without further enquiry, investigation, verification or liability of any kind whatsoever), which shall be used by the Calculation Agent to calculate the Applicable Rate. Holders shall be bound by any such Successor Rate (and Adjustment Spread) without any further action or consent by the Holders or the Trustee. For the avoidance of doubt, if, in any case, that rate determined in accordance with the above is less than zero, such rate shall be deemed to be zero. The Issuer shall promptly notify the Holders of the adoption of any Successor Rate (and Adjustment Spread). Following the adoption of any Successor Rate and Adjustment Spread, all references to "EURIBOR" in the Indenture shall be deemed to refer to such Successor Rate (and such Adjustment Spread).

"*Eurozone*" means the region comprising member states of the European Union that adopt the euro.

"*Interest Period*" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and include August 14, 2021.

"*Rate Determination Agent*" means (a) an independent financial institution of international standing or an independent financial adviser of recognized standing (that is not an Affiliate of the Issuer) as appointed by the Issuer at the expense of the Issuer or (b) if it is not reasonably practicable to appoint a party as referred to under (a), the Issuer.

"*Representative Amount*" means the greater of (1) EUR 1.0 million and (2) an amount that is representative for a single transaction in the relevant market at the relevant time.

"*Reuters Screen EURIBOR 01 Page*" means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

"*TARGET Settlement Day*" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (Brussels time) on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "*Interest Amount*"). The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of each Note outstanding at the commencement of the Interest Period, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 360. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 4.876545% (or .04876545) being rounded to 4.87655%

(or .0487655). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be final and binding on all parties. In no event will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law; *provided*, *however*, that the Calculation Agent shall not be responsible for verifying that the rate of interest on the Notes is permitted under any applicable law.

If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay. The rights of Holders to receive the payments of interest on such Notes will be subject to the applicable procedures of Euroclear and Clearstream

Methods of Receiving Payments on the Notes

Principal, interest and premium and Additional Amounts, if any, on the Global Notes (as defined below) will be made by one or more Paying Agents by wire transfer of immediately available funds to the account specified by the registered Holder thereof (being the common depositary or its nominee for Euroclear and Clearstream).

Principal, interest and premium, and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid, at the option of the Issuer, by bank transfer to the Holder entitled thereto as shown on the register of Holders of Notes for the Definitive Registered Notes. See "—*Paying Agent and Registrar for the Notes*" below.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes (including the initial Paying Agent). The initial Paying Agent will be The Bank of New York Mellon, London Branch (the "*Paying Agent*").

The Issuer will also maintain a registrar (the "*Registrar*") and a transfer agent (the "*Transfer Agent*"). The initial Registrar will be The Bank of New York Mellon SA/NV, Dublin Branch and the initial Transfer Agent will be The Bank of New York Mellon SA/NV, Dublin Branch. The Registrar will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and together with the Transfer Agent, will facilitate transfers of the Notes on behalf of the Issuer. A register of the Notes shall be maintained at the registered office of the Issuer. In case of inconsistency between the register of the Notes kept by the Registrar and the one kept by the Issuer at its registered office, the register kept by the Issuer shall prevail. The Registrar has no responsibility for any register maintained by the Issuer.

If Definitive Registered Notes are in circulation and there is a discrepancy between the register of the Registrar and the register of the Issuer, on consultation between the Issuer and the Registrar, the Issuer will amend the register to reflect the register of the Registrar.

The Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of such Notes. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Additional Notes

From time to time, subject to the Issuer's compliance with the covenants described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Liens*," the Issuer is permitted to issue additional Notes of the same or different series, which shall have terms substantially identical to this series of Notes except in respect of any of the following terms which shall be set forth in an Officer's Certificate supplied to the Trustee ("*Additional Notes*"):

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the issue price and issuance date of such Additional Notes;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of Holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the maturity date, 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 EUR 100,000 and in integral multiples of EUR 1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed;

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes; and

(9) any relevant limitation language with respect to Note Guarantees and Security Documents.

In the Issuer's sole discretion, the aforementioned Officer's Certificate may include provisions pertaining to (a) the redemption of such Additional Notes, in whole or in part, including, but not limited to, pursuant to any special mandatory redemption in the event that the release from any escrow into which proceeds of the issuance of such Additional Notes are deposited is conditioned on the consummation of any acquisition, Investment, refinancing or other transaction (such redemption, a "*Special Mandatory Redemption*"), (b) the escrow of all or a portion of the proceeds of such Additional Notes and the granting of Liens described in clause (22) of the definition of "Permitted Liens" in favor of the Trustee or a security agent solely for the benefit of the holders of such Additional Notes (and not, for the avoidance of doubt, for the benefit of the holders of any other Notes, including Notes of the same series as such Additional Notes), together with all necessary authorizations for the Trustee or such security agent to enter into such arrangements provided that, for so long as the proceeds of such Additional Notes are in escrow, such Additional Notes shall benefit only from such Liens and shall not be subject to the Intercreditor Agreement or any Additional Intercreditor Agreement and shall not benefit from any security interest in the Collateral. In addition, such Officer's Certificate may include provisions pursuant to which such Additional Notes are issued bearing a temporary CUSIP, ISIN or common code pending the satisfaction of certain conditions, such as the consummation of an acquisition, Investment, refinancing or other transaction, and such Additional Notes bearing a temporary CUSIP, ISIN or common code may be automatically exchanged for new Additional Notes bearing the same CUSIP, ISIN or common code as any existing Notes issued; provided that such Additional Notes are fungible with the Notes issued on the relevant issue date for U.S. federal income tax purposes. Additional Notes may be designated to be of the same series as any other series of Notes, including the Notes initially issued on the Issue Date, but only if they have terms substantially identical in all material respects to such other series, and shall be deemed to form one series with other series (including, if applicable, such Notes) (it being understood that any Additional Notes that are substantially identical in all material respects to any other series of Notes but for being subject to a Special Mandatory Redemption shall be deemed to be substantially identical to such series of Notes only following the expiration of any provisions relating to such Special Mandatory Redemption).

All series of 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 any applicable series. Unless the context otherwise requires, 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. Additional Notes may be designated to be of the same series as any other series of Notes, including the Notes initially issued on the Issue Date, but only if they have terms substantially identical in all material respects to such other series, and shall be deemed to form one series with such other series (it being understood that any Additional Notes that are substantially identical in all material respects to any other series of Notes but for being subject to a Special Mandatory Redemption shall be deemed to be substantially identical to such series of Notes only following the expiration of any provisions relating to such Special Mandatory Redemption).

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- each series of 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, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream; and

- each series of 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, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer Restrictions*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the "*144A Book-Entry Interests*") may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "*Regulation S Book-Entry Interests*") denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the date of initial issuance of the Notes, Regulation S Book-Entry Interests will be limited to persons who have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of EUR 100,000 principal amount, and integral multiples of EUR 1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of EUR 100,000 in principal amount and integral multiples of EUR 1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Registrar and the Transfer Agent are not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the applicable Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of the applicable Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Note as the owner thereof for all purposes.

Security

General

On or about the Issue Date, the Notes will be secured, subject to the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens, by security interests on an equal and ratable first-priority basis over all the issued Capital Stock of the Issuer (the "*Collateral*").

The assets that comprise the Collateral also secure on a first-priority basis the Revolving Credit Facility and may also secure certain future Indebtedness (including any Additional Notes). The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the Holders of the Notes. No appraisals of the Collateral have been made in connection with this issuance of Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Related to the Notes and the Collateral—The Collateral may not be sufficient to secure the obligations under the Notes.*"

Notwithstanding the provisions of the covenant described below under "*—Certain Covenants—Limitation on Liens*," certain property, rights and assets may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles, including (but not limited to) the following:

- no security interests shall be granted (i) by a member of the Group which is not incorporated, organized or established under the laws of Italy, the United States of America or any other jurisdiction in which a borrower under the Revolving Credit Facility Agreement is incorporated (each a "*Guarantor Jurisdiction*"); and/or (ii) over any asset which is not located in a Guarantor Jurisdiction;

- no security or guarantees shall be required to be given by (or over shares or investments in) any joint venture or similar arrangement, any minority interest or by (or over shares or investments in) any member of the Group that is not wholly-owned by another member of the Group, *provided* that, all security will be governed by the law of, and secure only assets located in, the applicable Guarantor Jurisdiction;

- security shall be limited to: (i) the shares directly owned in a borrower under the Revolving Credit Facility Agreement or a 5% Company (as defined in the Revolving Credit Facility Agreement); (ii) material structural intragroup loan receivables owed to the applicable borrower or a 5% Company (as defined in the Revolving Credit Facility Agreement); and (iii) only in the case of a member of the Group incorporated in the United States of America (subject to certain customary exclusions, permissions and qualifications), an all asset security agreement governed by the laws of the State of New York (to be perfected only by (a) filing of UCC financing statements in the applicable filing offices (provided that separate UCC filings for commercial tort claims shall not be required), (b) the delivery of the relevant stock certificates and stock powers to the Security Agent and (c) the delivery of promissory notes and other written instruments to the Security Agent);

- all security shall be governed by the law of, and shall secure only assets located in, the jurisdiction of, incorporation of the guarantor except (i) where such security is granted under a global security document governed by the law of the jurisdiction of a guarantor or under English law; (ii) in respect of share security (which shall be governed by the law of the jurisdiction of the applicable borrower or 5% Company (as defined in the Revolving Credit Facility Agreement) over which such security is granted); and (iii) in relation to a member of the Group incorporated in the United States of America, the laws of the State of New York or another state in the United States reasonably requested by the Security Agent may be substituted for the law of the jurisdiction of that member of the Group;

- the ability of a member of the Group to provide a guarantee or security may be prohibited, restricted or limited by an amount or otherwise, including as a result of general legal and statutory limitations, regulatory restrictions, financial assistance (including under Article 2358 and/or 2374 of the Italian Civil Code), corporate benefit, capital maintenance, fraudulent preference, equitable subordination, "interest stripping," "earnings stripping," capital maintenance rules and liquidity impairment rules, "controlled foreign corporation," transfer pricing or "thin capitalization" rules, tax restrictions, exchange control restrictions, retention of title claims, employee consultation or approval requirements (including supervisory board or "works council" rules) and similar principles. If any such limit applies, the guarantees and security provided will be limited accordingly; *provided* that, the relevant member of the Group shall use reasonable endeavors (but without incurring material cost or fees and without adverse impact on relationships with third parties) to overcome any such limitation;

- in determining whether or not (and the terms on which) a guarantee or security will be taken (and in respect of the security, the extent of its perfection and/or registration), the applicable time and cost shall be taken into account. This would mean taking into account factors such as adverse effects on taxes, interest deductibility, stamp duty, registration fees, costs and taxes, notarial costs, translation costs and all applicable legal fees and adverse effects on the ability of the Group to obtain or maintain local facilities or other financing arrangements, including any factoring or other similar arrangement (in each case permitted under the Indenture) and that the time and cost to be incurred shall not be disproportionate to the benefit accruing to the Holders of such guarantee or security;

- assets of the Group maybe subject to a legal requirement, contract, lease, license, instrument, regulatory constraint (including any agreement with any government or regulatory body) or other third party arrangement which may prevent or condition that asset from being charged, secured or being subject to the applicable security document (including requiring a consent of any third party, supervisory board or works council (or equivalent)). Any asset which, if subject to the applicable security document, would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations with respect to any member of the Group in respect of the asset or require any member of the Group to take any action materially adverse to the interests of the Group or any member thereof, will be excluded from a guarantee or security document *provided* that, reasonable endeavors exercised for a specified period of time (but without incurring material cost or fees and without adverse impact on relationships with third parties) to obtain consent to charging any such assets (where otherwise prohibited) shall be used by the Group if the Security Agent (acting on instructions of the Holders) specifies that the relevant asset is material and the Issuer is satisfied that such endeavors will not involve placing relationships with third parties in jeopardy;

- guarantees or entry into security documents shall not be required of members of the Group if it is not within the legal capacity of the relevant members of the Group or if it would conflict with the fiduciary or statutory duties of their directors or contravene any applicable legal, regulatory or contractual prohibition or restriction or have the potential to result in a material risk of personal or criminal liability for any director or officer of or for any member of the Group; *provided* that, the relevant member of the Group shall use reasonable endeavors (but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle or otherwise such security or guarantee document shall be limited accordingly;

- the giving of a guarantee, the granting of security and the registration and/or the perfection of the security granted will not be required if it would have a material adverse effect on the ability of the relevant member of the Group to conduct its operations and business in the ordinary course as otherwise permitted by the finance documents including dealing with the secured assets and all contractual counterparties or amending, waiving or terminating (or allowing to lapse) any rights, benefits or obligations, in each case prior to an acceleration event which is continuing, and any requirement under the Agreed Security Principles to seek consent of any person or take or not take any other action is subject to this principle;

- no guarantee or security shall guarantee or secure any "Excluded Swap Obligations" defined in accordance with the LSTA Market Advisory Update dated February 15, 2013 entitled "Swap Regulations' Implications for Loan Documentation";

- no security may be provided on terms which are inconsistent with the turnover or sharing provisions in the Intercreditor Agreement; and

- no title investigations or other diligence on assets will be required and no title insurance will be required.

For further information regarding 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, see "*Certain Limitations on Validity and Enforceability of the Note Guarantees and the Collateral and Certain Insolvency Law Considerations*."

Priority

The relative priority with regard to the security interests in the Collateral that are created by the Security Documents (the "*Security Interests*" and each, a "*Security Interest*") as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations (if any), (c) the counterparties under certain cash management facilities (if any); (d) the Trustee, the Security Agent and the Holders of the Notes under the Indenture, and

(e) the creditors of certain other Indebtedness permitted to be secured by the Collateral, respectively, is established by the terms of the Intercreditor Agreement, the Revolving Credit Facility, the Indenture, the Security Documents and the security documents relating to the Revolving Credit Facility, which provide, among other things, that the obligations under the Revolving Credit Facility and the Notes are secured equally and ratably by first-priority Security Interests; however, under the terms of the Intercreditor Agreement, the Holders of the Notes will only receive proceeds from the enforcement of the Collateral after certain super senior priority obligations including (i) obligations under the Revolving Credit Facility, (ii) certain cash management obligations (if any) and (iii) certain Hedging Obligations (if any) have been paid in full. In addition, pursuant to the Intercreditor Agreements or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. See "*—Release of Liens*," "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Definitions—Permitted Collateral Liens*."

Security Documents

Under the Security Documents, security will be granted over the Collateral to secure the payment when due of the Issuer's payment obligations under the Notes and the Indenture. The Security Documents have been, or will be, entered into by Midco and the Security Agent, also as Security Representative and legal representative (*mandatario con rappresentanza*), and the Trustee acting for itself and in its capacity as the Trustee under the Indenture and additionally as common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code. When entering into the Security Documents, the Security Agent has acted in its own name, but for the benefit of the secured parties' legal representative (*mandatario con rappresentanza*) (including itself, the Trustee and the Holders of Notes from time to time) and as representative (*rappresentante*) of the Holders pursuant to and for the purposes set forth under Article 2414-*bis*, paragraph 3, of the Italian Civil Code. Under the Intercreditor Agreement, the Security Agent will also act as an agent of the lenders under the Revolving Credit Facility and the counterparties under certain other future indebtedness in relation to the Security Interests created in favor of such parties.

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by the applicable laws, only the Security Agent (including in its role as Security Representative) will have the right to enforce the Security Documents on behalf of the Trustee and the Holders of Notes. As a consequence of such contractual provisions, Holders of Notes will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Security Agent (including in its role as Security Representative) or the Trustee (as applicable) under the Indenture, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the enforcement of the Collateral. Under the Intercreditor Agreement, the Security Agent will also act on behalf of the lenders under the Revolving Credit Facility and certain other future indebtedness in relation to the Security Interests in favor of such parties. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement and the Notes, as applicable and the Note Guarantees, if any, will be secured by Security Interests in the Collateral until all obligations under the Notes, the Note Guarantees and the Indenture have been discharged. However, the Security Interests with respect to the Notes and the Indenture may be released under certain circumstances as provided under "*—Release of Liens*."

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement were to be successful, the Holders may not be able to recover any amounts under the Security Documents.

Subject to the terms of the Indenture, the Agreed Security Principles, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, Midco, the Issuer and any Guarantors (if any) will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to freely operate the property and assets constituting Collateral and to collect, invest and dispose of any income therefrom (including any and all dividends, distributions or similar cash and non-cash payments in respect of Capital Stock of any Guarantors that is part of the Collateral).

Enforcement of Security Interest

The Security Documents will provide that the rights under the Security Documents must be exercised by the Security Agent (including in its role as Security Representative). Since the Holders will not be a party to the Security Documents, Holders will not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Security Agent (including in its role as Security Representative) or the Trustee (as applicable). To the extent permitted by the applicable laws and subject to the terms of the Intercreditor Agreement and the Indenture, Holders of the Notes will, in certain circumstances, be entitled to direct the Trustee to provide instructions to the Security Agent for the enforcement of security over the Collateral. The Indenture and the Intercreditor Agreement restrict the ability of the Holders or the Trustee to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon enforcement by the lenders under the Revolving Credit Facility, certain cash management providers (if any) or certain hedge counterparties (if any). The ability to enforce may also be restricted by similar arrangements in relation to future Indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The validity and enforceability of the Security Interests will be subject to, inter alia, the limitations described in "*Risk Factors—Risks Related to the Notes and the Collateral*" and "*Certain Limitations on Validity and Enforceability of the Collateral and Certain Insolvency Law Considerations*."

The creditors under the Revolving Credit Facility secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, appointed the Security Agent to act as their respective agent under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. Furthermore, each Holder will have deemed to have appointed the Security Agent as *mandatario con rappresentanza* pursuant to article 1704 of the Italian Civil Code and as representative (*rappresentante*) pursuant to article 2414-*bis* of the Italian Civil Code to act on its behalf. The creditors under the Revolving Credit Facility and the Trustee have and, by accepting a Note, each Holder of the Notes will be deemed to have, authorized the Security Agent under the Indenture and/or the Intercreditor Agreement (as applicable) to: (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, together with any other incidental rights, power and discretions; and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that it will be subject to the provisions of the Intercreditor Agreement and that the Issuer and the Trustee will be authorized (without any further consent of the Holders of the Notes) to enter into the Intercreditor Agreement and to give effect to its provisions.

The Indenture will also provide that each Holder of the Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents;

(2) agreed to be bound by the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents;

(3) agreed to, and accepted, the appointment of Wilmington Trust, National Association as common representative (*rappresentate comune*) of the Holders pursuant to articles 2417 and 2418 of the Italian Civil Code;

(4) agreed to, and accepted, the appointment of Wilmington Trust (London) Limited, as representative (*rappresentante*) of the Holders for the purposes of Article 2414-*bis*, paragraph 3, of the Italian Civil Code;

(5) agreed and acknowledged that the Security Agent will administer the Collateral in accordance with the Intercreditor Agreement; and

(6) irrevocably appointed the Security Agent and the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents.

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into in compliance with the provisions described under "*—Certain Covenants—Additional Intercreditor Agreements*."

IPO Debt Pushdown

On, in contemplation of, or following an Initial Public Offering, the terms of the Intercreditor Agreement (and any Additional Intercreditor Agreement) will provide (and the Indenture and the Notes shall be subject to such provisions) that the Issuer or its successor shall be entitled to require (by written notice to the Trustee and the Security Agent) that the terms of the Indenture, the Intercreditor Agreement (and any Additional Intercreditor Agreement) and the Security Documents shall operate (with effect from the date specified in such notice) as described under "*Description of Certain Financing Arrangements—Intercreditor Agreement—Release and/or Transfer of Claims and Liabilities in Respect of the Permitted Senior Financing Debt and the Senior Secured Notes and the Transaction Security*." The Trustee and the Security Agent shall be required to enter into any amendment to the Indenture, the Intercreditor Agreement (and any Additional

Intercreditor Agreement) and/or the Security Documents required by the Issuer and/or take such other action as is required by the Issuer in order to facilitate or reflect any of the matters contemplated by this paragraph, provided that any such amendment or action will not impose any personal obligations on the Trustee or the Security Agent or, in the reasonable opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents. See "*Risk Factors—Risks Related to the Notes and the Collateral—There are circumstances other than repayment or discharge of the Notes under which the Collateral will be released automatically, without your consent or the consent of the Trustee.*"

Release of Liens

Midco, the Issuer and its Subsidiaries and any provider of Collateral will be entitled to release the Security Interests in respect of the Collateral under any one or more of the following circumstances:

(1) (a) subject to (b) below, in connection with any sale or other disposition of Collateral to (i) a Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to "*—Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under*—Covenants—Limitation on Sale of Assets and Subsidiary Stock*" or is otherwise permitted in accordance with the Indenture and (b) any release of the Security Interest in respect of the Capital Stock of the Issuer pursuant to clause 1(a) shall only be permitted if such Capital Stock is subject to a Lien of at least equivalent ranking (in the good faith judgement of the Issuer) in favor of the Holders of the Notes as soon as reasonably practicable after such release;

(2) if applicable, in the case of a Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and Waivers*";

(4) upon payment in full of principal, interest and all other obligations on the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*—Defeasance*" *and* "*—Satisfaction and Discharge*";

(5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(6) in connection with the granting of Liens or rights with respect to property and assets, which may include Collateral, or the sale or transfer of property or assets, which may include Collateral, in each case pursuant to a Qualified Receivables Financing;

(7) in connection with any disposal of Collateral to the Issuer or a Restricted Subsidiary; *provided* that such release is followed by substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets in a manner consistent with, and pursuant to applicable formalities under, the covenant described under "*—Certain Covenants—Impairment of Security Interest*";

(8) in the case of the Security Interest in respect of the Capital Stock of the Issuer, in connection with a Public Offering within a reasonable time to facilitate such Public Offering; *provided* that such Security Interests so released shall be promptly granted in favor of the Notes in the event that the Initial Public Offering does not complete for any reason;

(9) in connection with a Permitted Reorganization;

(10) in case of a Restricted Subsidiary that is not a Significant Subsidiary following the release of its Liens granted in favor of the Revolving Credit Facility, so long as no Event of Default has occurred and is continuing, the release of the property and assets and Capital Stock of such Restricted Subsidiary; provided that there is no other Indebtedness secured by a Lien on the assets of such Restricted Subsidiary that would result in the requirement for the Notes and the Notes Guarantees to be secured on such property, assets or Capital Stock pursuant to covenant described under "*—Certain Covenants—Additional Notes Guarantees*" or the covenant described under "*—Certain Covenants—Limitation on Liens;*" or

(11) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interests created by the Security Documents will be released (a) pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted by the covenant described under "*—Certain Covenants—Impairment of Security Interest*."

The Security Agent and the Trustee will take all necessary action reasonably requested in writing by the Issuer to effectuate any release of Collateral securing the Notes and the Note Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is required by it to effect such release).

Optional Redemption

Except as described below and except as described under "*—Redemption for Taxation Reasons*," the Notes are not redeemable until November 14, 2022. On and after November 14, 2022 the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts (as defined below), if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on November 14 of the year indicated below:

Year	Redemption Price
2022 and thereafter	100.000%

In addition, prior to November 14, 2022, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount of the Notes, plus the Applicable Premium plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

"*Applicable Premium*" means, with respect to any Note on any redemption date prior to November 14, 2022, the greater of:

x) 1% of the principal amount of such Note; and

y) the excess (to the extent positive) of:

  a. the present value at such redemption date of (i) 100.000% of the principal amount of such Notes, plus (ii) the Deemed Interest Payments due on such Note from the commencement of the current Interest Period to, and including, November 14, 2022, computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

  b. the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of Applicable Premium shall not be an obligation or duty of the Trustee or any Agent.

"*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 have become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Board of Directors or an Officer of the Issuer) most nearly equal to the period from the redemption date to November 14, 2022; *provided*, *however*, that if the period from the redemption date to November 14, 2022, is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to November 14, 2022, is less than one year, the weekly average yield on actually traded direct obligations of the Federal

Republic of Germany adjusted to a constant maturity of one year shall be used, unless the redemption price is not paid on the redemption date.

Optional Redemption upon Certain Tender Offers

In connection with any tender offer for, or other offer to purchase, any series of or all of the Notes, if Holders of not less than 90% of the aggregate principal amount of the then outstanding Notes or series of Notes, as applicable, validly tender and do not validly withdraw such Notes or series of Notes, as applicable, in such tender offer and the Issuer, or any third party making such tender offer in lieu of the Issuer, purchases all of the Notes or series of Notes, as applicable, validly tendered and not validly withdrawn by such Holders, all of the Holders of the Notes will be deemed to have consented to such tender or other offer and accordingly, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' notice following such purchase date, to redeem all Notes or series of Notes, as applicable, that remain outstanding following such purchase at the price paid to each other Holder in such tender offer (or, if more, at a redemption price equal to 100% of the principal amount thereof), plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the date of such redemption.

Optional Redemption and Satisfaction and Discharge

If the Issuer elects to redeem any series of the Notes or portions thereof and, in connection with a satisfaction and discharge or defeasance of the Indenture in accordance with the provisions set forth under "*—Defeasance*" or "*—Satisfaction and Discharge*," requests that the Trustee or Paying Agent distribute to the Holders amounts deposited in trust with the Trustee or Paying Agent (which, for the avoidance of doubt, will include accrued and unpaid interest to the date fixed for redemption) prior to the date fixed for redemption, the applicable redemption notice will state that Holders will receive such amounts deposited in trust with the Trustee or Paying Agent (i) on or promptly after the date fixed for redemption or (ii) on such earlier payment date as selected by the Issuer.

General

We may repurchase the Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under "*—Selection and Notice*."

If the Issuer effects an optional redemption of Notes, it will, for so long as Notes are listed on any securities exchange and the rules of such an exchange so require, inform the exchange of such optional redemption and confirm the aggregate principal amount of Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

In connection with any redemption of Notes (including with the proceeds from an Equity Offering), any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all of any series of Notes are to be redeemed at any time, the Paying Agent or the Registrar (as applicable) will select Notes for redemption on a *pro rata* basis or in accordance with the procedures of Clearstream or Euroclear (as applicable), unless otherwise required by law or applicable stock exchange or depository requirements; *provided*, *however*, that no Note of EUR 100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of EUR 1,000 will be redeemed, unless otherwise required by law or applicable stock exchange, clearing system or depositary requirements. Neither the Trustee, the Paying Agent nor the Registrar will be liable for any selections made in accordance with this paragraph.

On and after the redemption date, interest ceases to accrue on the Notes or the part of the Notes called for redemption. If any series of Notes is to be redeemed in part only, the notice of redemption that relates to that series of Notes shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. If such redemption is subject to the satisfaction of one or more conditions precedent, the related notice may, for the avoidance of doubt, state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived (provided that in no event shall such date of redemption be delayed to a date later than 60 days after the date on which such notice was sent, except that redemption notices may be delivered 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), 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 or waived by the redemption date, or by the redemption date so delayed.

Redemption for Taxation Reasons

The Issuer may redeem any series of Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders (with a copy to the Trustee and the Paying Agent) of the relevant series of Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations, protocols or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, or change in an official application, administration or interpretation of such laws, treaties, regulations, protocols or rulings (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published practice)

(each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"), a Payor (as defined below) is, or on the next interest payment date in respect of such series of Notes would be, required to pay Additional Amounts with respect to such series of Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor; *provided* that changing the jurisdiction of the Issuer is not a reasonable measure for purposes of this section. Such Change in Tax Law must be publicly announced and become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a change or amendment occurring after the time such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts. Prior to the publication or delivery of any notice of redemption of any series of Notes pursuant to the foregoing, the Issuer shall deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that the Payor cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or any Guarantor (including any successor entity) (each, a "*Payor*") in respect of the Notes or with respect to any Note Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law or by the interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Note is made by or on behalf of a Payor or any political subdivision or governmental authority thereof or therein having the power to tax; or

(2) any other jurisdiction in which a Payor is incorporated or organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax

(each of clause (1) and (2), a "*Relevant Taxing Jurisdiction*"), will at any time be required by law to be made from any payments made by or on behalf of the Payor with respect to any Note or any Note Guarantee, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received by the Holder in respect of such payments, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received by such Holder in respect of such payments on any such Note in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed or withheld but for the existence of any present or former connection between the relevant Holder or the beneficial owner (or between a fiduciary, settlor, beneficiary, member, partner or shareholder of, or possessor of power over the relevant Holder or the beneficial owner, if the relevant Holder or the beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation or any Person other than the Holder to whom the Notes or any amount payable thereon is attributable for the purposes of such Tax) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note, the Indenture or Note Guarantee;

(2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with any written request, made to that Holder or the Holder on behalf of that beneficial owner in writing at least 15 days before any such withholding or deduction would be payable, by the Payor or applicable withholding agent: (a) to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or (b) to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which, in the case of (a) or (b) (or both), is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of deduction or withholding of, all or part of such Tax but only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(3) any Taxes, to the extent that such Taxes were imposed or withheld as a result of the presentation of the Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is permitted or required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment with respect to the Notes or any Note Guarantee;

(5) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Tax, assessment or other governmental charge;

(6) any Taxes to the extent such Taxes are for or on account of *imposta sostitutiva* (pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("**Legislative Decree No. 239**") and any related implementing regulations, and pursuant to Italian Legislative Decree No. 461 of November 21, 1997 ("**Legislative Decree No. 461**"), as amended or supplemented from time to time and any related implementing regulations, provided that:

(a) Additional Amounts shall be payable in circumstances where the procedures required under Legislative Decree No. 239 or Legislative Decree No. 461 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due solely to the actions or omissions of the Payor or their agents; and

(b) for the avoidance of doubt, no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are on account of *imposta sostitutiva* if the Holder becomes subject to *imposta sostitutiva* after the Issue Date by reason of amendments to the list of countries which allow for a satisfactory exchange of information with Italy, currently provided for by Italian Ministerial Decree dated September 4, 1996, as subsequently amended, or by reason of the approval of the ministerial Decree to be issued under art. 11 par .4 let c) of Legislative Decree No. 239, as subsequently amended or superseded, providing for a new list of countries which allow for a satisfactory exchange of information with Italy, whereby such Holders country of residence does not appear on the aforesaid amended or new list (the "**White List**");

(7) any Taxes to the extent that such Taxes result from payment to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not appear on the White List;

(8) any Taxes imposed in connection with a Note presented for payment by or on behalf of a Holder or beneficial owner who would have been able to avoid such Taxes by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent in a member state of the European Union;

(9) any Taxes imposed, withheld or deducted pursuant to section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*"), or otherwise imposed pursuant to sections 1471 through 1474 of the Code, as of the Issue Date (or any amended or successor version of such sections), any regulations or agreements thereunder, official interpretations thereof, any law or regulation adopted pursuant to an intergovernmental agreement with respect to the foregoing or any agreements entered into pursuant to section 1471(b)(1) of the Code;

(10) any combination of the items (1) through (9) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is not the beneficial owner of the Notes, to the extent that the sole beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner directly held such Notes.

The Payor will (i) make any required withholding or deduction in the minimum amount required by applicable laws 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 to each Relevant Taxing Jurisdiction imposing such Taxes, or if, notwithstanding the Payor's reasonable efforts, such tax receipts are not obtained, certified copies of other evidence reasonably satisfactory to the Trustee of such payments as soon as reasonably practicable to the Trustee. Such copies shall be made available to the Holders upon reasonable request and will be made available at the offices of the relevant Paying Agent.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Note or any Note Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable thereafter). The Trustee and the Paying Agent shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "*Description of the Notes*" there is mentioned, in any context:

(1) the payment of principal;

(2) redemption price or purchase prices in connection with a redemption or purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes or any Note Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay and indemnify the Holder for any present or future stamp, issue, registration court or documentary taxes, or similar charges or levies (including any related interest or penalties with respect thereto) or property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, delivery, registration, enforcement of, or receipt of payments with respect to, any Notes or any Note Guarantee (other than in each case, (A) in connection with a transfer of the Notes after this issuance of Notes or (B) to the extent that such stamp, issue, registration court or documentary taxes, or any other excise, property or similar Taxes or similar charges or levies becomes payable upon a voluntary registration made by the Holder if such registration is not required by any applicable law or not necessary to enforce the rights or obligations of any Holder in relation to the Notes, any Guarantees, the Indenture, the Security Documents or any other document or instrument in relation thereto) and limited solely in the case of any such Taxes attributable to the receipt of any payments with respect thereto, to any such Taxes imposed in a Relevant Taxing Jurisdiction that are not excluded from the obligation to pay Additional Amounts by any of clauses (1) through (3) or clauses (5) through (9), above (or any combination thereof).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner, and will apply mutatis mutandis to any jurisdiction in which any successor to a Payor is organized, incorporated, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes (or any Note Guarantee) is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*Change of Control*," each Holder will have the right to require the Issuer to repurchase all or any part (equal to EUR 100,000 or integral multiples of EUR 1,000 in excess thereof, if applicable; *provided* that Notes of EUR 100,000 or less may only be redeemed in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obligated to repurchase any series of Notes as described under this heading, "*Change of Control*," in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes of such series and given notice of redemption as described under "*—Optional Redemption*" and that all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all of a series of Notes and given notice of redemption as described under "*—Optional Redemption*" and all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer shall deliver a notice (the "*Change of Control Offer*") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is delivered) (the "*Change of Control Payment Date*");

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is delivered prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer.

A Holder willing to tender Notes into the Change of Control Offer shall notify its account manager of its election, who shall in turn notify the Paying Agent and the Trustee of such Holder's election. Once such tender has been accepted by the Issuer and notified to the Paying Agent, the Paying Agent shall promptly credit the bank account of such Holder the Change of Control Payment for such Notes so tendered and deduct the corresponding amount of such Notes from such Holder's Euroclear or Clearstream (as applicable) account.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. Holders' right to require the Issuer to repurchase Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness at the option of each lender under the Revolving Credit Facility.

Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The definition of "Change of Control" includes a disposition, in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Issuer and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if, on the date of such Incurrence, after giving *pro forma* effect to the Incurrence of such Indebtedness (including *pro forma* application of the proceeds thereof), (1) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would have been at least 2.0 to 1.0; and (2) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio for the Issuer and its Restricted Subsidiaries would have been no greater than 4.25 to 1.0; *provided further*, *however*, that Restricted Subsidiaries that are not Guarantors may only Incur Indebtedness under this paragraph in an aggregate principal amount at any time outstanding not to exceed, together with any Indebtedness Incurred by any Restricted Subsidiaries that are not Guarantors under clause (11) of the second paragraph of this covenant, the greater of (x) EUR 35 million and (y) 35.0% of Consolidated EBITDA.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness ("*Permitted Debt*"):

(1) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of EUR 125 million and 125.0% of Consolidated EBITDA, *plus* (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted to be Incurred by another provision of this covenant; *provided* that, if the Indebtedness being guaranteed is subordinated to the Notes or a Note Guarantee, then the guarantee must be subordinated to the Notes or such Note Guarantee to the same extent as the Indebtedness being guaranteed; or (b) without limiting the covenant described under "*—Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; provided that such debt is subordinated to the extent required by the Intercreditor Agreement;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes) and the related Note Guarantees;

   (b) any Indebtedness of the Issuer and its Restricted Subsidiaries (other than Indebtedness Incurred under the Revolving Credit Facility or Indebtedness described in clauses (3) or 4(a) of this paragraph) outstanding on the Issue Date after giving effect to the Transactions;

   (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in clauses (4) and (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant; and

   (d) Management Advances.

(5) Indebtedness (i) of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (ii) Incurred to provide all or a portion of the funds utilized to consummate an acquisition; *provided* that, with respect to this clause (5), at the time of such acquisition or other transaction and after giving *pro forma* effect to such acquisition or other transaction and to the related Incurrence of Indebtedness, (a) either (x) the Issuer would have been able to Incur EUR 1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of this covenant or (y) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would not be less than it was immediately prior to giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness or (b) such Indebtedness, when taken together with the principal amount of all other Indebtedness then outstanding under this clause 5(b), will not exceed the greater of EUR 50 million and 50.0% of Consolidated EBITDA;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements not for speculative purposes (as determined in good faith by the Board of Directors or an Officer of the Issuer);

(7) Indebtedness (A) consisting of Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (B) otherwise Incurred in connection with the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the lease of assets, the direct purchase of assets or Capital Stock of any Person owning such assets or otherwise, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time the greater of EUR 30 million and 30.0% of Consolidated EBITDA;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations, vacation pay, health, disability or other employee benefits, performance, indemnity, surety, judgment, appeal, advance payment, customs, value added tax ("VAT") or other tax (including interest and penalties with respect thereto) or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or consistent with past practice or in respect of any governmental requirement; (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, consistent with past practice or in respect of any governmental requirement; *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing; (c) the financing of insurance premiums in the ordinary course of business or consistent with past practice; (d) any customary treasury or cash management services, including treasury, depository, overdraft, credit card processing, credit or debit card, purchase card, electronic funds transfer, the collection of cheques and direct debits, cash pooling and other cash management arrangements, in each case, in the ordinary course of business or consistent with past practice; and (e) Indebtedness representing deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent, the Issuer or any of its Subsidiaries in the ordinary course of business or consistent with past practice;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in connection with a disposition, the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or consistent with past practice; *provided, however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) (i) customer deposits and advance payments received in the ordinary course of business or consistent with past practice from customers for goods or services purchased in the ordinary course of business or consistent with past practice and (ii) Indebtedness consisting of obligations owing under any customer or supplier incentive, supply, license or similar agreements in the ordinary course of business or consistent with past practice;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business or consistent with past practice of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries;

(d) Indebtedness Incurred in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case Incurred or undertaken in the ordinary course of business or consistent with past practice; and

(e) Guarantees Incurred in the ordinary course of business or consistent with past practice in respect of obligations of (or to) suppliers, customers, franchisees, distribution partners, lessors and licensees that, in each case, are not Affiliates of the Issuer;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of EUR 50 million and 50.0% of Consolidated EBITDA;

(12) Indebtedness Incurred in a Qualified Receivables Financing;

(13) Indebtedness of the Issuer and the Guarantors in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares, a Parent Debt Contribution or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, a Parent Debt Contribution or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness under clause (18) of this paragraph and making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the fourth paragraph of the covenant described under "—*Limitation on Restricted Payments*" to the extent the Issuer and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Issuer or any of its Restricted Subsidiaries Incurs or is deemed to Incur Indebtedness under clause (18) of this paragraph or makes a Restricted Payment under the first paragraph or clauses (1), (6) or (10) of the fourth paragraph of the covenant described under "—*Limitation on Restricted Payments*" in reliance thereon;

(14) Indebtedness Incurred under local overdraft and other local Credit Facilities and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding the greater of EUR 25 million and 25.0% of Consolidated EBITDA;

(15) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of joint ventures and similar entities, Unrestricted Subsidiaries, any Similar Business or any co-investment vehicle in a maximum aggregate principal amount at any time outstanding not exceeding the greater of EUR 20 million and 20.0% of Consolidated EBITDA;

(16) Permitted Sale and Leaseback Transactions in a maximum aggregate principal amount at any time outstanding not exceeding the greater of EUR 25 million and 25.0% of Consolidated EBITDA;

(17) Ordinary Course Lease Obligations;

(18) Additional amounts of Indebtedness in lieu of Restricted Payments permitted under clause (10) of the fourth paragraph of the covenant described under "—*Limitation on Restricted Payments*" (provided that such Incurrence shall be deemed to correspondingly reduce such Restricted Payments capacity);

(19) Indebtedness under daylight borrowing facilities Incurred in connection with any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred; and

(20) Indebtedness Incurred under any Regulatory Debt Facility in a maximum aggregate principal amount at any time outstanding not exceeding the greater of EUR 40 million and 40.0% of Consolidated EBITDA;

provided, *however*, that Restricted Subsidiaries that are not Guarantors may only Incur Indebtedness under clause (11) of this paragraph in an aggregate principal amount at any time outstanding not to exceed, together with any Indebtedness Incurred by any Restricted Subsidiaries that are not Guarantors under the first paragraph of this covenant, the greater of (x) EUR 35 million and (y) 35.0% of Consolidated EBITDA.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness (or any portion thereof) and 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;

(2) all Indebtedness outstanding under the Revolving Credit Facility on the Issue Date shall be deemed initially Incurred under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of this covenant and may not be reclassified;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to the first or second paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(7) for the purposes of determining "Consolidated EBITDA," Consolidated EBITDA shall be measured at the option of the Issuer on the date on which a new commitment is obtained or the date on which new Indebtedness is Incurred or otherwise in compliance with the covenant described under the caption "—*Financial Calculations*," *provided* that if the Issuer elects to have such determination occur on the date on which a new commitment is obtained, such Indebtedness shall be deemed to have occurred on the date of such new commitment and to be outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture (except to the extent such commitment is subsequently canceled), including, for the avoidance of doubt, for the purposes of calculating the Consolidated Net Leverage Ratio and Consolidated Senior Secured Net Leverage Ratio and for purposes of determining compliance with the covenant described under "—*Limitation on Liens*";

(8) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS; and

(9) notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness Incurred to refinance Indebtedness initially Incurred in reliance on the second paragraph of this covenant measured by reference to a percentage of Consolidated EBITDA at the time of Incurrence, if such refinancing Indebtedness would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the percentage of Consolidated EBITDA on the 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, plus premiums (including tender premiums), defeasance, costs and fees in connection with such refinancing.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*." The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "*—Limitation on Indebtedness*," the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any EUR-denominated restriction on the Incurrence of Indebtedness, the EUR Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred or first committed (whichever yields the lower EUR Equivalent); *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than EUR, and such refinancing would cause the applicable EUR-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such EUR-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of Refinancing Indebtedness; (b) the EUR-Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the EUR) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in EUR will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

  (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

  (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the definition of Permitted Debt);

(4) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person,

(each such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) is referred to herein as a "*Restricted Payment*"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional EUR 1.00 of Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a pro forma basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made or deemed to be made subsequent to the Issue Date (and not returned or rescinded) (including (i) Permitted Payments permitted below by clauses (5), (10) or (17) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph, and (ii) the aggregate principal amount of any Indebtedness Incurred or deemed to be Incurred pursuant to clause (18) of the definition of Permitted Debt) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, *minus* 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (w) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Issuer, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the second succeeding paragraph, and (z) Excluded Contributions or Parent Debt Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (*plus* the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities received by the Issuer or any Restricted Subsidiary upon such conversion or exchange); but excluding (x) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Issuer, (y) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the second succeeding paragraph, and (z) Excluded Contributions or Parent Debt Contributions; and

(iv) (a) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) or (b) upon the full and unconditional release of a Restricted Investment that is a Guarantee made by the Issuer or one of its Restricted Subsidiaries to any Person after the Issue Date, an amount equal to the amount of such Guarantee;

(v) in the event that an Unrestricted Subsidiary is designated as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of the amount received in cash and the fair market value of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of "Permitted Investment";

(vi) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary; and

(vii) the greater of (x) EUR 15 million and (y) 15.0% of Consolidated EBITDA,

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included in any of the foregoing clauses (iv), (v) or (vi).

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an Officer of the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or a Parent Debt Contribution) of the Issuer; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under—*on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case,

is permitted to be Incurred pursuant to the covenant described under—*on Indebtedness*" above, and that, in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness: (a) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*," but only (i) if the Issuer shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; (b) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "*—Change of Control*" and, to the extent required to make a Change of Control Offer, purchased all Notes tendered pursuant to such Change of Control Offer required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such transaction or series of transactions) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of such Acquired Indebtedness;

(5) any dividends paid within, or redemption or repurchase consummated within, 60 days after the date of declaration or the giving of the redemption or repayment notice if at such date of declaration or notice such dividend or redemption or repayment, as the case may be, would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent or Special Purpose Vehicle to permit any Parent or Special Purpose Vehicle to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors, *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (x) EUR 15 million, plus EUR 5 million multiplied by the number of calendar years that have commenced since the Issue Date, plus (y) the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof) plus (z) the net cash proceeds from key man life insurance policies, to the extent such net cash proceeds in (y) and (z) are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant and are not Excluded Contributions;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

  (a) the amounts required for any Parent, without duplication, to pay any Parent Expenses or any Related Taxes; or

  (b) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (i) in connection with the Transactions or disclosed under "*Use of Proceeds*" in this Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "—*Limitation on Affiliate Transactions*";

(10) so long as no Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of 6% of the Net Cash Proceeds (i) received by the Issuer from such Public Offering, (ii) contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions or a Parent Debt Contribution) of the Issuer or (iii) contributed as Subordinated Shareholder Funding to the Issuer (including, in each case above, in connection with the acquisition, purchase, merger or combination of the Issuer or any Parent by or with a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing);

(11) so long as no Event of Default has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of EUR 20 million and 20.0% of Consolidated EBITDA;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock; *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or an Officer of the Issuer);

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (13);

(14) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(15) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; *provided*, *however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (15) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or a Parent Debt Contribution or, in the case of Designated Preference Shares by such Parent or Affiliate, the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(17) so long as no Event of Default has occurred and is continuing (or would result therefrom), any Restricted Payment; *provided* that, on the date of any such Restricted Payment, the Consolidated Net Leverage Ratio for the Issuer and its Restricted Subsidiaries does not exceed 4.25 to 1.0 on a *pro forma* basis after giving effect thereto;

(18) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary or any Parent to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares); *provided however,* that the total aggregate amount of Restricted Payments made under this clause (18) does not exceed EUR 10 million in any calendar year (with unused amounts in any calendar year being carried over in the next two succeeding calendar years);

(19) any dividends, distributions or other payments to any Parent or Unrestricted Subsidiary to the extent that such dividends, distributions or payments are made in order to carry out group contributions under the tax laws or regulations of an applicable jurisdiction; and

(20) dividends or other distributions in amounts required for a direct or indirect Parent of the Issuer to pay interest on Indebtedness the proceeds of which have been contributed to the Issuer or any of its Restricted Subsidiaries and that has been guaranteed by, or is otherwise considered Indebtedness of, the Issuer or any of its Restricted Subsidiaries Incurred in accordance with the covenant described under "—*Limitation on Indebtedness*."

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Issuer acting in good faith.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) (i) is permitted pursuant to the first paragraph of this covenant, (ii) meets the criteria of more than one of the categories of Permitted Payments described in the fourth paragraph of this covenant, or (iii) constitutes a Permitted Investment, the Issuer will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including as a Permitted Investment.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes (or a Note Guarantee in the case of Liens of Guarantors) and the Indenture are directly secured, subject to the Agreed Security Principles, equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to clause (a)(2) of the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "—*Security—Release of Liens*."

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;

(b) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(c) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility) and any other agreement or instrument, in each case, in effect at or entered into on the Issue Date, (b) the Indenture, the Notes, the Intercreditor Agreement, the Security Documents or any related security documents or (c) any other agreement or instrument with respect to the Issuer or any of its Subsidiaries, in each case, in effect on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or was designated as a

Restricted Subsidiary or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company (as defined under "*—Merger and Consolidation*"), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument that extends, renews, refinances or replaces any of the encumbrances or restrictions referred to in clauses (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or an Officer of the Issuer);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business or consistent with past practice;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority or any governmental licenses, concessions, franchises or permits, including restrictions or encumbrances on cash or deposits (including assets in escrow accounts) paid on property;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements or policies entered into in the ordinary course of business or consistent with past practice;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if (A) the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, together with the security documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in

comparable financings (as determined in good faith by the Board of Directors or an Officer of the Issuer) or (B) the Issuer determines that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or (b) constituting an Additional Intercreditor Agreement;

(12) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors or an Officer of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing;

(13) any encumbrance or restriction existing by reason of any Lien permitted under "*—Limitation on Liens*";

(14) any encumbrance or restriction existing by reason of a Permitted Reorganization effected in compliance with the definition thereof;

(15) provisions restricting assignment of any agreement entered into in the ordinary course of business or consistent with past practice; or

(16) customary restrictions included in shareholder agreements, including, without limitation, those relating to non-wholly owned Subsidiaries.

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the assets sold (as determined by the Issuer's Board of Directors); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

(a) cash (including any net cash proceeds received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

(b) Cash Equivalents;

(c) the assumption by the purchaser of (x) any liabilities of the Issuer or its Restricted Subsidiaries recorded on the Issuer's consolidated balance sheet or the notes thereto (or, if Incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary is released from any guarantee of such Indebtedness as a result of such Asset Disposition;

(d) Replacement Assets;

(e) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the second paragraph of this covenant;

(f) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary, but only to the extent that such Indebtedness (i) has been extinguished by the Issuer or the applicable Guarantor and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

(g) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of EUR 20 million and 20.0% of Consolidated EBITDA (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(h) a combination of the consideration specified in clauses (a) through (g) of this clause (2).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Available Cash of the Asset Disposition, within 365 days of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Available Cash, may be used by the Issuer or such Restricted Subsidiary to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the definition of Permitted Debt; (ii) unless included in the preceding clause (1)(i), prepay, repay, purchase or redeem any series of Notes and/or any other Indebtedness (other than Subordinated Indebtedness or Indebtedness owed to the Issuer or any Restricted Subsidiary) that is secured by a Lien on the Collateral on a *pari passu* basis with the Notes; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured by Liens on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary);

(2) purchase any series of Notes pursuant to an offer to all Holders of the Notes, as the case may be, at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that to the extent the Issuer or any Restricted Subsidiary has elected to purchase any amount of the Notes at a price not less than par, to the extent Holders elect not to tender their Notes for such purchase, the Issuer will be deemed to have applied an amount of Net Available Cash equal to such amount not tendered, and such amount shall not increase the amount of Excess Proceeds (as defined below);

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Available Cash pursuant to clause (1) through (6) of this paragraph or a combination thereof; *provided* that, a binding commitment shall be treated as a permitted application of the Net Available Cash from the date of such commitment until the earlier of (x) the date on which such investment is consummated and (y) the 180th day following the expiration of the aforementioned 365-day period, if the investment has not been consummated by that date.

The amount of such Net Available Cash not so used as set forth in this paragraph constitutes "*Excess Proceeds*." Pending the final application of any such Net Available Cash, the Issuer may temporarily reduce revolving credit borrowings or otherwise invest such Net Available Cash in any manner that is not prohibited by the terms of the Indenture.

On the 366th day (or on the 546th day, in the case of any Net Available Cash committed to be used pursuant to a binding agreement or commitment approved by the Board of Directors of the Issuer pursuant to clause (8) of the second preceding paragraph) after an Asset Disposition or such earlier time if the Issuer elects, if the aggregate amount of Excess Proceeds exceeds the greater of EUR 20 million and 20.0% of Consolidated EBITDA, the Issuer will be required within 30 Business Days thereof to make an offer (an "*Asset Disposition Offer*") to all Holders and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness that is secured by a Lien on the Collateral on a *pari passu* basis with the Notes, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be repaid 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 such Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such Pari Passu Indebtedness, as applicable, in minimum denominations of EUR 100,000 and in integral multiples of EUR 1,000 in excess thereof (if applicable).

To the extent that the aggregate amount of Notes and such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and such other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and such Pari Passu Indebtedness to be repaid or purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and such Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in EUR, such Indebtedness shall be calculated by converting any such principal amounts into their EUR Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the relevant Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, insofar as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be repaid or purchased by it pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer. On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of EUR 100,000 and in integral multiples of EUR 1,000 in excess thereof (if applicable). The Issuer shall deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Paying Agent shall, as soon as practicable, deliver to the Holders of Notes the purchase price of Notes validly tendered and not withdrawn and arrange for the deduction of the appropriate amounts of Notes from such Holder's account with Euroclear or Clearstream (as applicable). Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate value in excess of the greater of EUR 5.0 million and 5.0% of Consolidated EBITDA unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction, in each case, 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 EUR 10.0 million and 10.0% of Consolidated EBITDA, the terms of such transaction or series of related transactions have been approved by a resolution of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*," any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the fourth paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b) and (2) of the definition thereof);

(2) any issuance, transfer or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or

maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business or consistent with past practice;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction (A) between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), (B) between or among Restricted Subsidiaries or (C) between or among the Issuer or any Restricted Subsidiary and any Receivables Subsidiary in connection with a Qualified Receivables Financing;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) the Transactions, (ii) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date or described under "*Certain Relationships and Related Party Transactions*" in this Offering Memorandum, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Issuer or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business or consistent with past practice;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, distribution partners or franchisees, in each case in the ordinary course of business or consistent with past practice, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business or consistent with past practice between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and (b) any amendment, waiver or other transaction, including satisfying payment obligations, with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(11) (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed the greater of EUR 2 million and 2.0% of Consolidated EBITDA per year and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, which payments (or agreements providing for such payments) in respect of this clause (11) are approved by a majority of the Board of Directors of the Issuer in good faith;

(12) any transactions for which the Issuer or a Restricted Subsidiary delivers a written letter or opinion to the Trustee from an Independent Financial Advisor stating that such transaction is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate;

(13) pledges of Capital Stock of Unrestricted Subsidiaries;

(14) any transaction effected as part of a Qualified Receivables Financing;

(15) any participation in a public tender or exchange offer for securities or debt instruments issued by the Issuer or any of its Subsidiaries that are conducted on arm's-length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer;

(16) any contribution to the equity of the Issuer in exchange for Capital Stock (other than Disqualified Stock and Preferred Stock) or any investments by any Permitted Holder in securities of any Restricted Subsidiary (and the payment of reasonable out-of-pocket expenses of the Permitted Holders in connection therewith); and

(17) any transaction as part of or in connection with a Permitted Reorganization or in connection with an Initial Public Offering in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement.

Reports

So long as any Notes are outstanding, the Issuer will make available to the Holders the following reports in the manner described below:

(1) within 120 days after the end of the fiscal year of the Issuer beginning with the fiscal year ending December 31, 2021, annual reports containing: (i) an operating and financial discussion of the audited financial statements, including a discussion of the financial condition and results of operations, and a discussion of liquidity and capital resources, material commitments and contingencies and critical accounting policies of the Issuer; (ii) *pro forma* income statement and (if applicable) balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; (iii) the audited consolidated balance sheet of the Issuer as at the end of the most recent fiscal year and audited consolidated income statements and statements of cash flow of the Issuer for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years, and the report of the independent auditors on the financial statements; (iv) a description of the management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; (v) a description of material changes to risk factors and of material subsequent events (to the extent not provided in a previous report pursuant to clause (2) or (3) below); and (vi) consolidated EBITDA; *provided* that the information described in clauses (ii), (iv), (v) and (vi) may be provided in the footnotes to the audited financial statements;

(2) within 60 days following the end of each of the Issuer's first and third fiscal quarters of each fiscal year of the Issuer and within 75 days following the end of the Issuer's second fiscal quarter of each fiscal year, unaudited quarterly financial statements containing the following information: (i) the Issuer's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) *pro forma* income statement and (if applicable) balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials); (iii) an operating and financial discussion of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, consolidated EBITDA and material changes in liquidity and capital resources of the Issuer; (iv) a discussion of material changes in material debt instruments since the most recent report; and (v) material subsequent events (to the extent not provided in a previous report pursuant to clause (1) above or clause (3) below); *provided* that the information described in clauses (ii), (iv) and (v) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a change in a senior executive officer or director at the Issuer or a change in auditors of the Issuer, a report containing a description of such event.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by persons who are not "affiliates" under the Securities Act.

The Issuer will make available such information and such reports to Holders and any prospective holders of the Notes by posting such information on its website.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any Subsidiaries of the Issuer. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles. At any time that any of the Issuer's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this "Reports" covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

All reports provided pursuant to this "Reports" covenant shall be made in the English language.

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to post on its website reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to Holders such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

The Issuer may comply with any requirement to provide reports or financial statements under this covenant by providing any report or financial statements of a direct or indirect Parent of the Issuer (if such entity is different from the Issuer) so long as such reports (if an annual or quarterly report) (a) meet the requirements (including as to content and time of delivery) of clause (1) and (2) of this covenant as if references to the Issuer therein were references to such Parent and (b) include condensed consolidated financial information together with a reasonably detailed description of material differences between the financial condition and results of operations of such Parent and the Issuer and its Restricted Subsidiaries. Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Additionally, in the event that, and for so long as, the equity securities of the Issuer or any Parent or IPO Entity are listed on a Recognized Exchange and the Issuer or such Parent or IPO Entity is subject to the admission and disclosure standards applicable to issuers of equity securities admitted to trading on such Recognized Exchange, for so long as it elects, the Issuer will make available to the Holders such annual reports, information, documents and other reports that the Issuer or such Parent or IPO Entity is, or would be, required to file with such Recognized Exchange pursuant to the applicable admission and disclosure standards. Upon complying with the foregoing requirements, and *provided* that such requirements require the Issuer or any Parent or IPO Entity to prepare and file annual reports, information, documents and other reports with such Recognized Exchange, as applicable, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs; *provided* that if the consolidated financial statements of any Parent or the IPO Entity (if different than the Issuer) are included in such report, a reasonably detailed description of material differences between the financial condition and results of operations of such Parent or the IPO Entity and the Issuer and its Restricted Subsidiaries shall be included.

Delivery of information, documents and reports to the Trustee is for informational purposes only and the Trustee's receipt thereof shall not constitute actual or constructive notice of any information contained therein, or determinable from information contained therein, including the Issuer's compliance with any of its covenants under the Indenture or documents related thereto.

Merger and Consolidation

The Issuer

The Issuer will not, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) either the Issuer is the surviving entity or the resulting, surviving or transferee Person (the "*Successor Company*") will be a Person organized and existing under the laws of any member state of the European Union, the United Kingdom, any State of the United States of America or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Issuer) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Issuer or the Successor Company would be able to Incur at least an additional EUR 1.00 of Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio for the Issuer or the Successor Company for the most recently ended four full fiscal quarters for which financial statements are available immediately preceding the date on which the transaction is consummated would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any is required in connection with such transaction) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company; *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Without prejudice to clause (3) in the immediately preceding paragraph, any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Person that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness*."

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture, but in the case of a lease of all or substantially all of its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

The Guarantors

No Guarantor (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation);

(2) sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into it unless:

(A) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposal;

(B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Note Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered to the Trustee) and all obligations of the Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable; and (2) immediately after giving effect to the transaction, no Event of Default shall have occurred and be continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all of the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture;

provided, *however*, that the prohibition in clauses (1), (2) and (3) above shall not apply to the extent that compliance with clauses (A) and (B)(1) could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses.

General

The provisions set forth in this "*Merger and Consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) a Guarantor transferring all or part of its properties and assets to a Restricted Subsidiary that is not a Guarantor in order to comply with any law, rule, regulation or order, recommendation or directions of, or agreement with, any regulatory authority having jurisdiction over the Issuer or any of its Restricted Subsidiaries; (iv) any consolidation or merger of the Issuer into any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents and clauses (1) and (4) under the heading "*—The Issuer*" shall apply to such transaction; (v) a Permitted Reorganization or the solvent liquidation of any Restricted Subsidiary that is not a Guarantor; or (vi) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction or changing the legal form of such entity; *provided*, *however*, that clauses (1), (2) and (4) under the heading*—Issuer*" or clauses (A) and (B) under the heading "*—The Guarantors*," as the case may be, shall apply to any such transaction.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the properties or assets of a Person.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "*Reversion Date*"), the provisions of the Indenture summarized under the following captions will not apply to the Notes:

(1) "*—Limitation on Restricted Payments*";

(2) "*—Limitation on Indebtedness*";

(3) "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*";

(4) "*—Limitation on Affiliate Transactions*";

(5) "*—Limitation on Sales of Assets and Subsidiary Stock*";

(6) "*—Limitation on Additional Guarantees*"; and

(7) the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Issuer*,"

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the Reversion Date. Such covenants will not, however, be of any effect with regard to actions of the Issuer or any of its Restricted Subsidiaries properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The covenant described under "*—Limitation on Restricted Payments*" will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the definition of Permitted Debt. In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status. The Issuer shall notify the Trustee in writing that the conditions set forth in the first paragraph under this caption have been satisfied; *provided* that no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Impairment of Security Interest

Midco and the Issuer shall not, and the Issuer shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the paragraph below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interests with respect to the Collateral) for the benefit of the Trustee and the Holders, and Midco and the Issuer shall not, and the Issuer shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral.

Notwithstanding the foregoing, (i) Midco, the Issuer and the Restricted Subsidiaries may Incur Permitted Collateral Liens, (ii) the Collateral may be discharged and released in accordance with the Indenture and the applicable Security Documents, or in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement; (iii) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect, manifest error or inconsistency therein; (iv) Midco, the Issuer and the Restricted Subsidiaries may discharge and release Security Interests with respect to the Collateral in connection with the implementation of a Permitted Reorganization and (v) the Security Interests and the related 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); *provided*, *however*, that in the case of clauses (i) and (v) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee and the Security Agent either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, or Midco and its Subsidiaries, taken as a whole (as applicable), in each case after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person, in form and substance reasonably satisfactory to the Trustee and the Security Agent, which confirms the solvency of the person granting such

Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, as so amended, extended, renewed, restated, supplemented, released, modified or replaced, are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, to which such Lien or Liens were not otherwise subject immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement. In the event that Midco and the Issuer comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to each of the Trustee and the Security Agent being indemnified or secured to its satisfaction, as applicable) consent to such amendments, extensions, renewals, restatements, releases, supplements, modifications or replacements without the need for instructions from the Holders.

Limitation on Additional Guarantees

No Restricted Subsidiary shall Guarantee the Indebtedness outstanding under the Revolving Credit Facility, any Credit Facility or any other Public Debt, in each case, of the Issuer or a Guarantor unless such Restricted Subsidiary is or becomes a Guarantor by no later than 10 Business Days after such Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Note Guarantee; *provided*, *however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Note Guarantee is contrary to the Agreed Security Principles or could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses. At the option of the Issuer, any Note Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Note Guarantees granted pursuant to this provision shall be released as set forth under "*—Releases of the Note Guarantees*." A Note Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (1) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor or (2) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as of the date of such release if such Guarantor were not designated as a Guarantor as of that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Note Guarantee in accordance with these provisions, subject to each of the Trustee and the Security Agent being indemnified or secured to its satisfaction, as applicable.

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or its Restricted Subsidiaries of any (1) Indebtedness permitted pursuant to the covenant described under "*—Limitation on Indebtedness*" and (2) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (1), Midco, the Issuer, the relevant Restricted Subsidiaries, the Trustee and, if applicable, the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including substantially the same terms with respect to release of Note Guarantees and priority and release of the Security Interests; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the written direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect, manifest error or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or any Restricted Subsidiary that is subject to any such agreement (including, with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add

Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. In formulating its opinion on such matters, the Trustee shall be entitled to request and rely absolutely on such evidence as it deems appropriate, including an Officer's Certificate and an Opinion of Counsel. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement or any Additional Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "—*Amendments and Waivers*" or as permitted by the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement, and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and the Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; provided, however, that such transaction would comply with the covenant described under "*—Limitation on Restricted Payments*" and the terms of the Intercreditor Agreement and any Additional 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 or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized and directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at the registered office of the Issuer.

Financial Calculations

When determining the availability under any basket or ratio under the Indenture in connection with any transaction or whether any transaction is permitted under the Indenture (including without limitation, testing any Incurrence or assumption of Indebtedness or Liens, the making of Restricted Payments, Permitted Payments or Investments, any Asset Disposition, any acquisition, disposition, merger, joint venture, consolidation, amalgamation or other business combination), the date of determination of such basket or ratio or the testing of any such transaction and of any Default or Event of Default shall, at the option of the Issuer, be (A) the date the definitive agreement, put option, unilateral commitment, binding offer or similar arrangement in respect of such transaction is entered into or (B) the date of consummation of any such transaction.

In connection with such election, such baskets or ratios shall be calculated on a *pro forma* basis after giving effect to such transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction. For the avoidance of doubt, (x) if any of such baskets, ratios or permissions are determined to be in compliance under (A) above then the Issuer shall be deemed to be in compliance with and need not retest such baskets, ratios or permissions under (B) above (regardless of any subsequent fluctuations in such basket, ratio or permission, including due to any fluctuations in Consolidated EBITDA) and (y) if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Indebtedness and the use of proceeds thereof and the fixing of any exchange rates) shall be deemed to have occurred on the date the definitive agreements are entered into and to be outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture (except to the extent such transaction is subsequently abandoned); *provided*, that the Consolidated Net Income of the Issuer (and any other financial term derived therefrom), other than for purposes of calculating any baskets, ratios or permissions in connection with the specified transaction, shall not include any Consolidated Net Income of or attributable to a target company until the closing of such transaction shall have actually occurred.

Subject to the limitations imposed under clause (2) of the third paragraph of the covenant described under "—*Certain Covenants—Limitation on Indebtedness*," if (x) a proposed action, matter, transaction or amount (or a portion thereof) is incurred or entered into pursuant to a fixed basket or the grower component of any other basket and (y) at a later time would subsequently be permitted under a ratio-based basket, unless otherwise elected by the Issuer, such action, matter, transaction or amount (or a portion thereof) shall automatically be reclassified to such ratio-based basket.

Events of Default

Each of the following is an "*Event of Default*" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by Midco (only with respect to the covenants under the headings "*—Certain Covenants—Impairment of Security Interests*" and "*—Certain Covenants—Additional Intercreditor Agreements*"), the Issuer or any Restricted Subsidiary to comply for 60 days after written notice by the Trustee or the Holders (with a copy to the Trustee if given by the Holders) of at least 30% in principal amount of the outstanding Notes with its other agreements contained in the Indenture;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries), other than Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

(a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("*payment default*"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*"),

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates EUR 25 million or more;

(5) certain events of bankruptcy, insolvency or court protection of MidCo, the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer), would constitute a Significant Subsidiary (the "*bankruptcy provisions*");

(6) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of EUR 25 million (exclusive of any amounts for which a solvent insurance company has acknowledged liability), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "*judgment default provision*");

(7) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) with respect to Collateral having a fair market value in excess of EUR 10 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such security interest created thereunder shall be declared invalid or unenforceable or MidCo, the Issuer or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable, and any such Default continues for 10 days; and

(8) any Note Guarantee of a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Note 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 Note Guarantee and any such Default continues for 10 days.

However, a default under clauses (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of the outstanding Notes under the Indenture notify the Issuer (with a copy to the Trustee if given by the Holders) in writing of the default and, with respect to clauses (4) and (6) the Issuer does not cure such default within the time specified in clauses (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee, by written notice to the Issuer, or, the Holders of at least 30% in principal amount of the outstanding Notes under the Indenture, by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under the definition of "*—Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture by written notice to the Trustee may, on behalf of all Holders, waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered, and if requested, provided to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability, cost or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Notes have requested the Trustee in writing to pursue the remedy;

(3) such Holders have offered, and if requested, provided to the Trustee security or indemnity satisfactory to the Trustee against any loss, liability, cost or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of such security or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability (it being understood that the Trustee has no duty to determine whether any action is prejudicial to any Holder). Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification or other security satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action. Prior to the occurrence of an Event of Default, the Trustee will have no obligation to monitor compliance by the Issuer with the Indenture. The Indenture will provide that if a Default occurs and is continuing and the Trustee is given notice in writing of such occurrence by the Issuer, the Trustee must give written notice of the Default to the Holders within 60 days after being so notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders.

The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery prior to acceleration in respect of the relevant breach of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified or secured 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 or security to it, and it will be for Holders to take action directly.

The Trustee may assume without inquiry, in the absence of written notice, that the Issuer is duly complying with its obligations contained in the Indenture required to be observed and performed by it, and that no Default or Event of Default or other event that would require repayment of the Notes has occurred.

Amendments and Waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided* that if any amendment, supplement, other modification or waiver will only amend, supplement or waive one series of the Notes, only the consent of a majority in aggregate principal amount of the then outstanding Notes of such series shall be required. However, without the consent of Holders holding not less than 75% of the then outstanding principal amount of the Notes affected, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder (or, if any amendment, waiver or other modification will only amend, supplement, modify or waive one series of the Notes, without the consent of Holders holding not less than 75% of the then outstanding aggregate principal amount of such series of Notes affected, with respect to any such series of Notes held by a non-consenting Holder):

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described under "*—Optional Redemption*";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any Holder to institute suit for the enforcement of any payment on or with respect to such Holder's Notes;

(7) make any change in the provision of the Indenture described under—*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 applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release all or substantially all of the security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release all or substantially all of the Guarantors from their obligations under the Note Guarantees or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement and any Additional Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Notes Documents:

(1) to cure any ambiguity, omission, defect, error or inconsistency;

(2) to provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Notes Document;

(3) to add to the covenants or provide for a Note Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) to make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Notes Documents;

(5) to make such provisions as necessary (as determined in good faith by the Board of Directors or an Officer of the Issuer) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or "*—Limitation on Additional Guarantees*," to add Note 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 Note Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Security Documents or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents or the Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor trustee or security agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility Agreement, in any property which is required by the Security Documents or 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 in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with; or

(10) as provided in "*—Certain Covenants—Additional Intercreditor Agreements*."

In formulating its decision on such matters, the Trustee shall be entitled to require and rely conclusively on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel. The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Notwithstanding anything to the contrary in the paragraphs above, in order to effect an amendment authorized by clause (3) or (6) of the second preceding paragraph to add a Guarantor under the Indenture, it shall only be necessary for the supplemental indenture providing for the accession of such additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such additional Guarantor and (iii) the Trustee. Any other amendments permitted by the Indenture need only be duly authorized and executed by the Issuer and the Trustee.

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding; *provided* that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which the Trustee knows are so owned shall be so disregarded.

Meeting of Holders of Notes

All meetings of Holders of the Notes will be held in accordance with Italian applicable laws and regulations.

In addition to and without prejudice to the provisions described above under the caption "*—Amendments and Waivers*," in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the Holders of the Notes to consider any matter affecting their interests, including, without limitation, the modification or abrogation by extraordinary resolution of any provisions of the Notes or the Indenture. A meeting may be convened either (i) by the Board of Directors of the Issuer, (ii) by the Noteholders' Representative (as defined below), if any, or (iii) upon request by Holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

In accordance with the Italian Civil Code, the vote required to pass a resolution by a meeting of the Holders of Notes will be (i) in the case of the first meeting, one or more persons that hold or represent Holders of more than one half of the aggregate principal amount of the outstanding Notes, and (ii) in the case of the second and any further adjourned meeting, one or more persons that hold or represent Holders of at least two-thirds of the aggregate principal amount of the Notes so present or represented at such meeting. Any such second or further adjourned meeting will be validly held if there are one or more persons present that hold or represent Holders of more than one-third of the aggregate principal amount of the outstanding Notes; *provided, however*, that the Issuer's bylaws may provide for a higher quorum (to the extent permitted under Italian law). Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by an extraordinary resolution passed at a meeting of Holders of the Notes (including any adjourned meeting) by one or more persons present that hold or represent Holders of not less than one-half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the second paragraph under "*—Amendments and Waivers,*" and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass an extraordinary resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See "*Risk Factors—Risks Related to the Notes and the Collateral—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all holders of the Notes with the vote of either 75% or 50% of the outstanding aggregate principal amount of the Notes*." Any resolution duly passed at any such meeting shall be binding on all the Holders of the Notes, whether or not such Holder was present at such meeting or voted to approve such resolution. To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of Holders of the Notes can be challenged by Holders pursuant to Articles 2377 and 2379 of the Italian Civil Code.

The Indenture will provide that the provisions described under this "*—Meeting of Holders of Notes*" will be in addition to, and not in substitution of, the provisions described under the caption "*—Amendments and Waivers*." As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this "*—Meeting of Holders of Notes*" must also comply with the other provisions described under "*—Amendments and Waivers*."

Security Representative and Noteholders' Representative

Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the Holders of the Notes of the initial appointment as of the Issue Date of Wilmington Trust (London) Limited, as representative (*rappresentante*) pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code (the "**Security Representative**") in order to create and grant in its favor security interests and guarantees securing and guaranteeing the Notes and entitle it to exercise in the name and on behalf of the Holders of the Notes all their rights (including any rights before any court and judicial proceedings) relating to such security interests and guarantees. Pursuant to the terms of the Indenture each Holder of the Notes from time to time, by accepting a Note, shall be deemed to have agreed to, and accepted, the appointment of Wilmington Trust (London) Limited as Security Representative.

Moreover, a representative of the Holders of the Notes (*rappresentante comune*) (the "**Noteholders' Representative**") may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the Holders of the Notes in order to represent the interests of the Holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of the Holders of the Notes. Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchases 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 Wilmington Trust, National Association as Noteholders' Representative. If the Noteholders' Representative is not appointed by a meeting of the Holders of the Notes, the Noteholders' Representative shall be appointed by a decree of the Court where the Issuer has its registered office upon request by one or more Holders of the Notes or upon request by the directors of the Issuer. The Noteholders' Representative remains appointed for a maximum period of three financial years but may be subsequently reappointed thereafter.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and each Guarantor under the Notes of a series, any Note Guarantees and the Indenture with respect to the Holders of such series in their capacity as such ("*legal defeasance*") and cure all then existing Defaults and Events of Default with respect to such series, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes of such series, registration of Notes of such series, mutilated, destroyed, lost or stolen Notes of such series and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate with respect to the Notes of the applicable series (other than with respect to the defeasance trust).

The Issuer at any time may terminate the obligations of Midco, the Issuer and any future Guarantors under the covenants described under "*Certain Covenants*" (other than clauses (1) and (2) under "*—Certain Covenants—Merger and Consolidation—The Issuer*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to any Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "*—Events of Default*" ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option with respect to a series of Notes, payment of such Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to a series of 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*"), (4), (5) (with respect only to the Significant Subsidiaries), (6), (7) or (8) under "*—Events of Default*."

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee or Paying Agent (or such other entity directed, designated or appointed by the Issuer and reasonably acceptable to Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof sufficient for the payment of principal, premium, if any, and interest on the applicable series of Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders of the relevant Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling received by the Issuer from, or published by, the U.S. Internal Revenue Service or based on a change in applicable U.S. federal income tax law);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and qualifications), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with; and

(4) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes and the rights of the Trustee, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or (b) all

Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee or Paying Agent (or such other entity directed, designated or appointed by the Issuer and reasonably acceptable to Trustee for this purpose), cash in euro or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions to the Trustee (or as applicable, the Paying Agent (or such other entity directed, designated or appointed by the Issuer and reasonably acceptable to Trustee for this purpose)) under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be (subject to the next succeeding sentence) and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (*provided* that such counsel may not be an employee of the Issuer or its Subsidiaries) 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 by the Issuer in writing to the Trustee and Principal Paying Agent (which request may be included in the applicable notice of redemption or pursuant to the above referenced Officer's Certificate) no later than five business days prior to such distribution, the Trustee or Paying Agent (or such other entity directed, designated or appointed by the Issuer and reasonably acceptable to the Trustee, acting for the Trustee for this purpose) shall distribute any amount deposited in trust to the Holders prior to the Stated Maturity or the redemption date, as the case may be. 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 cost or any additional 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 holding interests as a participant of such clearing system will be subject to the then applicable procedures of the clearing system. No Trustee, Paying Agent or other applicable party shall be required to incur any costs, fees or expenses (except as expressly agreed in writing) in relation to such distribution.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer, Midco or any Guarantor under the Notes Documents, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

Wilmington Trust, National Association is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee or any Agent will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee. Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability or expenses Incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

Notices, warnings, summons and other communications to the Holders of the Notes from the Trustee shall be sent via Euroclear or Clearstream (as applicable) with a copy to the Issuer and the Luxembourg Stock Exchange (to the extent required by the rules of the Luxembourg Stock Exchange). Any such notice or communication shall be deemed to be given or made when sent from Euroclear or Clearstream (as applicable). The Issuer's written notifications to the Holders of Notes shall be sent through Euroclear or Clearstream (as applicable) with a copy to the Trustee and the Luxembourg Stock Exchange (to the extent required by the rules of the Luxembourg Stock Exchange).

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of EUR-Denominated Restrictions

The EUR is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors, if any, under or in connection with the Notes and the Note Guarantees including damages. Any amount received or recovered in a currency other than EUR (in the case of the Notes), whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the EUR 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 EUR amount is less than the EUR amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Note Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any EUR denominated restriction herein, the EUR Equivalent amount for purposes hereof that is denominated in a currency other than EUR shall be calculated based on the relevant currency exchange rate in effect on the date such non-EUR amount is Incurred or made, as the case may be.

Listing

Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market thereof. In addition, application will be made to list the Notes on the Vienna Stock Exchange. There can be no assurance that the application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes on the Euro MTF Market, or the application to list the Notes on the Vienna Stock Exchange, will be approved and settlement of the Notes is not conditioned on obtaining such listing.

Enforceability of Judgments

Since a substantial portion of the assets of the Issuer are located outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuer will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England and Wales.

Certain Definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with an acquisition of assets or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination, or otherwise as set forth in "*—Certain Covenants—Financial Calculations*."

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agent*" means any Registrar, Transfer Agent, authenticating agent appointed by the Trustee, Calculation Agent or Paying Agent, collectively, the "*Agents*."

"*Agreed Security Principles*" means the agreed security principles appended to the Revolving Credit Facility Agreement, as of the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business or consistent with past practice), transfer, issuance or other disposition, or a series of related sales, leases (other than leases entered into in the ordinary course of business or consistent with past practice), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items (the "*Permitted Dispositions*") shall be deemed not to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business or consistent with past practice;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control or any transaction effected as part of a Permitted Reorganization;

(6) an issuance, transfer or other disposition of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board

of Directors of the Issuer or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any issuance, transfer or other disposition of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer) of less than the greater of EUR 10 million and 10.0% 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 the second 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) the granting of Liens not prohibited by the covenant described above under the caption "—*Certain Covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or consistent with past practice or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(11) the licensing, sub-licensing, lease or assignment of intellectual property or other general intangibles and licenses, sub- licenses, leases or subleases or assignments of other property, in each case, in the ordinary course of business or consistent with past practice;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business or consistent with past practice, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables and related assets in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business or consistent with past practice;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any issuance, transfer or other disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom a Restricted Subsidiary was acquired, or from whom a Restricted Subsidiary acquired its business and assets, made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which has been or is to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided*, *however*, that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (18), does not exceed the greater of EUR 10 million and 10.0% of Consolidated EBITDA;

(19) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary, an issuance or sale by a Restricted Subsidiary of Preferred Stock or Disqualified Stock that is permitted by the covenant described above under "—*Certain Covenants—Limitation on Indebtedness*" or an issuance of Capital Stock by the Issuer pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Issuer;

(20) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; provided that any cash or Cash Equivalents received in such sale, transfer or disposition are applied in accordance with the "—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" covenant;

(21) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture; and

(22) the unwinding of any Hedging Obligations.

In the event that a transaction (or any portion thereof) meets the criteria of a Permitted Disposition and would also be a Permitted Investment or an Investment permitted under *"—Certain Covenants—Limitation on Restricted Payments*," the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or such portion thereof) as Permitted Disposition and/or one or more of the types of Permitted Investments permitted under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Associate*" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). Any action or determination to be made by, or approved by, the "Board of Directors of the Issuer" under the Indenture may be exercised pursuant made (or approved, as applicable) by the Board of Directors of a Restricted Subsidiary or a Parent pursuant to a delegation of powers of the Board of Directors of the Issuer.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Milan, Italy or London, United Kingdom are authorized or required by law to close.

"*Calculation Agent*" means a financial institution appointed by the Issuer to calculate the interest rate payable on the Notes in respect of each interest period, which shall initially be The Bank of New York Mellon, London Branch.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Carlyle*" means CEP IV Participations Sàrl Sicar and Carlyle Growth Investments III and their Affiliates.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, the United Kingdom or Switzerland or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar or other recognized time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof (a "Deposit") or cash in credit balance or deposit which are freely transferable or convertible within 90 days issued or held by any lender party to the Revolving Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least "A-3" or the equivalent thereof by S&P or at least "P-3" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of EUR 250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-3" or the equivalent thereof by S&P or "P-3" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no

rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any member of the European Union, the United Kingdom, Japan, Norway or Switzerland 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;

(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;

(7) bills of exchange issued in the United States, Canada, a member state of the European Union, the United Kingdom, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "*Asset Disposition*," the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

"*Change of Control*" means the occurrence of any of the following:

(1) the Issuer becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, being or becoming the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; *provided* that for the purposes of this clause, no Change of Control shall be deemed to occur by reason of the Issuer becoming a wholly-owned Subsidiary of a Successor Parent (subject to any directors' qualifying shares or shares required by any applicable law or regulation to be held by a person other than the Issuer or another wholly-owned Subsidiary that are held by a Person other than such Successor Parent); and

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

Notwithstanding the foregoing, (a) a transaction will not be deemed to involve a Change of Control solely as a result of the Issuer becoming a direct or indirect wholly-owned subsidiary of a holding company if (A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Voting Stock of the Issuer immediately prior to that transaction or (B) immediately following that transaction no Person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company and (b) any Voting Stock beneficially owned by any Permitted Holder shall not be included in any Voting Stock of which any other person or group is the beneficial owner so long as such other person or group does not have greater voting power with respect to such Permitted Holder's Voting Stock.

"*Clearstream*" means Clearstream Banking, S.A., as currently in effect or any successor securities clearing agency.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Note Guarantee.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges, fees or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization or the Incurrence, issuance, redemption or refinancing of any Indebtedness permitted by the Indenture or any amendment, waiver, consent or modification to any document governing any such Indebtedness (whether or not successful) (including any such fees, expenses or charges related to the Transactions (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by the Board of Directors or an Officer of the Issuer;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*";

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) or other cash or non-cash items classified by the Issuer as special, extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (other than non-cash items increasing Consolidated Net Income pursuant to clauses (1) to (13) of the definition of Consolidated Net Income and excluding any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period);

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(10) payments received or that become receivable with respect to expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income;

(11) any Receivables Fees and discounts on the sale of accounts receivable in connection with any Qualified Receivables Financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period; and

(12) the run rate cost savings, operating expense reductions and synergies that are expected (in good faith) to be realized as a result of actions relating to any acquisition or investment, disposition, divestiture, restructuring, cost savings initiative, operational improvements, procurement rationalization, information and technology system establishment, modernization or modification, modification or renegotiation of contracts (including the effect of increased pricing in customer contracts or the renegotiations of contracts or other arrangements) or any other similar initiative (calculated on a *pro forma* basis as though such cost savings, operating expense reductions and synergies had been realized from the first day of such period and during the entirety of such period), net of the amount of actual benefits realized during such period from such transaction or initiative (which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the definition of "Consolidated Net Leverage Ratio" or "Fixed Charge Coverage Ratio" as applicable;

plus (without duplication, and regardless of whether deducted in calculating such Consolidated Net Income) other adjustments and add-backs from time to time of a nature similar to those made in calculating Run-Rate *Pro Forma* EBITDA, as set forth in the section captioned "*Summary Consolidated Financial and Other Information*" of this Offering

Memorandum (irrespective of the period during which stores are closed) (as determined in good faith by a responsible financial or accounting officer of the Issuer).

Consolidated EBITDA shall be measured for the period of the most recent four consecutive fiscal quarters ending prior to such date for which such internal consolidated financial statements of the Issuer are available.

For the purposes of determining Consolidated EBITDA and all related definitions, *pro forma* adjustments may be taken into account in the manner set forth in the definition of Consolidated Net Leverage Ratio.

"*Consolidated Income Taxes*" means Taxes or other payments, including deferred taxes, based on income, profits or capital of any of the Issuer and its Restricted Subsidiaries, whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Lease Obligations;

(2) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses);

(3) non-cash interest expense;

(4) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(5) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a Restricted Subsidiary, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer;

(6) the consolidated interest expense that was capitalized during such period;

(7) cash interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person; and

(8) interest accrued on any Indebtedness of a Parent that is Guaranteed by the Issuer or any Restricted Subsidiary to the extent (x) serviced directly or indirectly by the Issuer or any Restricted Subsidiary and (y) not already included in calculating Consolidated Interest Expense;

minus (i) accretion or accrual of discounted liabilities other than Indebtedness and (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, in each case, to the extent included in interest expense under IFRS.

Notwithstanding any of the foregoing, Consolidated Interest Expense shall not include (i) any interest accrued, capitalized or paid in respect of Subordinated Shareholder Funding, (ii) any commissions, discounts, yield and other fees and charges related to Qualified Receivables Financing or (iii) to the extent so elected pursuant to the Election Option, any payments on Lease Obligations which would be considered an operating lease under IFRS as in effect immediately prior to the adoption of IFRS 16 (*Leases*).

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (2) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment or that could have been distributed, as reasonably determined by an Officer of the Issuer (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than a Guarantor) if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Issuer by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes, the Indenture or any Additional Intercreditor Agreement, (c) contractual restrictions in effect on the Issue Date with respect to such Restricted Subsidiary (including pursuant to the Revolving Credit Facility Agreement or the Intercreditor Agreement) and contractual restrictions in effect on the Issue Date with respect to the Issuer and its Restricted Subsidiaries, and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date, and (d) restrictions permitted under the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than a Guarantor), to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale and leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business or consistent with past practice (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transactions or any investments), acquisition costs, business optimization costs, duplicative running costs, start-up or initial costs for any project or new production line, division or new line of business, integration and store or other facilities opening costs, store or other facility consolidation and closing costs, costs relating to pre-opening and conversion costs for stores or other facilities, losses, costs or cost inefficiencies related to operating improvements, system establishment, software or information technology implementation or development, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change or harmonization in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity-based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*";

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Transactions or any acquisition of, or investment in, another Person or business or resulting from any reorganization or restructuring or incurrence of Indebtedness involving the Issuer or its Subsidiaries;

(12) any goodwill or other intangible asset amortization charge, impairment charge or write-off or write-down; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Net Leverage*" means the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations entered into for *bona fide* hedging purposes and not for speculative purposes (as determined in good faith by the Issuer)) *less* the aggregate amount of cash and Cash Equivalents of the Issuer and the Restricted Subsidiaries on a consolidated basis; *provided* that for the purposes of calculating Consolidated Net Leverage, no cash or Cash Equivalents shall be included in this calculation that are, or are derived from, the proceeds of Indebtedness in respect of which the *pro forma* calculation is to be made, except, for the avoidance of doubt, to the extent cash or Cash Equivalents will be expended in a transaction to which *pro forma* effect is given.

"*Consolidated Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer), including in respect of anticipated expense and cost reduction and other run rate synergies, to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period; *provided*, however, that the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds of Indebtedness Incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*."

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

(1) acquisitions and Investments that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any of its Restricted Subsidiaries, or any action undertaken in connection with any reorganization or restructuring, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction and other run rate synergies) as if they had occurred on the first day of the reference period; *provided* that no adjustments shall be made pursuant to this clause (1) to the extent duplicative of adjustments that are included in the definition of "Consolidated EBITDA" or included pursuant to any other clause of this definition;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and any operation, business or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period (taking into account anticipated expense and cost reductions and other run rate synergies resulting from any such disposal, as determined in good faith by a responsible accounting or financial officer of the Issuer);

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and any operation, business or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness), and if any Indebtedness is not denominated in the Issuer's functional currency, that Indebtedness for purposes of the calculation of Consolidated Net Leverage shall be treated in accordance with IFRS.

"*Consolidated Senior Secured Net Leverage*" means the sum of the aggregate outstanding Senior Secured Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations entered into for *bona fide* hedging purposes and not for speculative purposes (as determined in good faith by an Officer or the Board of Directors of the Issuer)) *less* the aggregate amount of cash and Cash Equivalents of the Issuer and the Restricted Subsidiaries on a consolidated basis; *provided* that for the purposes of calculating Consolidated Senior Secured Net Leverage, no cash or Cash Equivalents shall be included in this calculation that are, or are derived from, the proceeds of Indebtedness in respect of which the *pro forma* calculation is to be made, except, for the avoidance of doubt, to the extent cash or Cash Equivalents will be expended in a transaction to which *pro forma* effect is given.

"*Consolidated Senior Secured Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) the Consolidated Senior Secured Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, in each case calculated with such *pro forma* and other adjustments as are consistent with the pro forma provisions set forth in the definition of Consolidated Net Leverage Ratio; *provided*, *however*, that, solely with respect to calculations for purposes of the covenants described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Liens*," any pro forma calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clause (5)(a) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds of Indebtedness Incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than the discharge of any Indebtedness to the extent that such discharge results from the proceeds of Indebtedness Incurred pursuant to clause (5)(a) thereunder).

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds: (a) for the purchase or payment of any such primary obligation; or (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the Revolving Credit Facility or any other commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Deemed Interest Payments*" means the amount of interest payments, as determined in good faith by the Issuer as of the relevant date, using the interest rate in effect in respect of such Notes as at the date of giving the notice of redemption.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Designated Preference Shares*" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described under the caption "*—Certain Covenants—Restricted Payments*." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"*Equity Offering*" means (x) a sale of Capital Stock of a Parent, the Issuer or a Restricted Subsidiary (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person, the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions or a Parent Debt Contribution) of the Issuer or any of its Restricted Subsidiaries.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euroclear*" means Euroclear Bank SA/NV or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union on the date of the Indenture, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer substantially concurrently with the contribution.

"*fair market value*" wherever such term is used in this "*Description of the Notes*" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fixed Charge Coverage Ratio*" means, as of any date of determination, the ratio of (x) the aggregate amount of Consolidated EBITDA of such Person for the period of the four most recent fiscal quarters prior to the date of such determination for which internal consolidated financial statements of such Person are available to (y) the Fixed Charges of such Person for such four fiscal quarters.

In the event that the specified Person or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reduction and other run rate synergies, to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clause (5)(a) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds of Indebtedness Incurred pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (other than the discharge of Indebtedness to the extent that such discharge results from the proceeds of Indebtedness Incurred pursuant to clause (5)(a) thereunder).

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions or Investments that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, or any action undertaken in connection with any reorganization or restructuring, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reduction and other run rate synergies, as if they had occurred on the first day of the four-quarter reference period; *provided* that no adjustments shall be made pursuant to this clause (1) to the extent duplicative of adjustments that are included in the definition of "Consolidated EBITDA" or included pursuant to any other clause of this definition;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and any operation, business or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period (taking into account anticipated expense and cost

reduction and other run rate synergies resulting from such disposition, as determined in good faith by a responsible accounting or financial officer of the Issuer);

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(6) if any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness) and if any Indebtedness is not denominated in the Issuer's functional currency, that Indebtedness for purposes of the calculation of Fixed Charges shall be treated in accordance with IFRS; and

(7) interest on a Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Lease Obligation in accordance with IFRS.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Interest Expense of such Person for such period; plus

(2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Issuer or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on Capital Stock payable to the Issuer or a Restricted Subsidiary.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided*, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business or consistent with past practice. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means any Restricted Subsidiary that Guarantees the Notes from time to time.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

"*Holding Company*" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries are, or may be, required to comply. Except as otherwise set forth in the Indenture, all ratios and calculations based on IFRS contained in the Indenture shall be computed in accordance with IFRS as in effect from time to time; provided that at any date after the Issue Date the Issuer may make an irrevocable election to establish that "IFRS" shall mean, except as otherwise specified herein, IFRS as in effect on a date that is on or prior to the date of such election.

For the purpose of making any calculation or determination (including the calculation of any restriction, basket, threshold, ratio or permission) under the Indenture, the Issuer may elect from time to time (the "*Election Option*") to disregard the impact of IFRS 16 (*Leases*) and any successor thereto. To the extent the Election Option is exercised, the Issuer shall apply such standard consistently to each element of the relevant calculation or determination, and the Issuer may elect to calculate "Consolidated EBITDA" as Consolidated EBITDA, less rents.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder, subject to clause (7) of the third paragraph of the covenant under "*Certain Covenants—Limitation on Indebtedness*" and the provisions described under "*Certain Covenants—Financial Calculations*."

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or an Officer of the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person;

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "*Indebtedness*" shall not include (i) Subordinated Shareholder Funding, (ii) Lease Obligations, to the extent so elected pursuant to the Election Option, (iii) prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice, (iv) any asset retirement obligations or (v) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business or consistent with past practice.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7), (8) or (9)) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS. Indebtedness represented by loans, notes or other debt instruments shall not be included to the extent funded with the proceeds of Indebtedness which the Issuer or any Restricted Subsidiary has guaranteed or for which any of them is otherwise liable and which is otherwise included.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice, obligations under or in respect of Qualified Receivables Financings and accrued liabilities Incurred in the ordinary course of business or consistent with past practice that are not more than 90 days past due;

(2) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(3) any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage taxes or under any Tax Sharing Agreement; or

(4) any accrued expenses and trade payables.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third-party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Investors*" means (a) any of (1) Permira and (2) any funds, limited partnerships or other entities (directly or indirectly) managed, controlled or advised by Permira (excluding any operating portfolio companies of the foregoing) and (b) any of (1) Carlyle and (2) one or more investment funds advised, managed or controlled (directly or indirectly) by the foregoing and, in each case (whether individually or as a group), any direct or indirect Subsidiaries or Affiliates of the foregoing (but excluding any operating portfolio companies of the foregoing).

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent, or the acquisition, purchase, merger or combination of the Issuer or any Parent by or with a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing (in each case above, the "*IPO Entity*") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering (or following such acquisition, purchase, merger or combination, as applicable) are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Indenture*" means the Indenture to be entered into, among others, the Issuer, and the Trustee on the Issue Date, as amended from time to time.

"*Intercreditor Agreement*" means the Intercreditor Agreement dated June 8, 2020, by and among, *inter alios*, the Issuer and the Security Agent, as amended from time to time, to which the Trustee will accede on the Issue Date.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business or consistent with past practice, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; provided, however, that endorsements of negotiable instruments and documents in the ordinary course of business or consistent with past practice will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such

Subsidiary not sold or disposed of in an amount determined as provided in the penultimate paragraph of the covenant described under the caption—*Covenants—Limitation on Restricted Payments*."

For purposes of "—*Certain Covenants—Limitation on Restricted Payments*":

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or an Officer of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, the United Kingdom, Norway or Switzerland or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB—" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

"*Investment Grade Status*" shall occur when all of the Notes receive both of the following:

(1) a rating of "BBB—" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's;

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*IPO Entity*" has the meaning given it in the definition of Initial Public Offering.

"*Issue Date*" means May 14, 2021.

"*Issuer*" means Golden Goose S.p.A. or any other Successor Company in accordance with the Indenture.

"*Lease Obligations*" means an obligation that is required to be classified and accounted for as a lease for financial reporting purposes on the basis of IFRS. The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to appear on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving-related expenses Incurred in the ordinary course of business or consistent with past practice or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this subclause (b)) the approval of the Board of Directors of the Issuer;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding EUR 5 million in the aggregate outstanding at any time.

"*Management Investors*" means (i) prior, current or future directors, officers, employees or consultants (and any Related Person pursuant to clause (2) of the definition thereof) of any Parent, the Issuer or any Restricted Subsidiary investing, or committing to invest, directly or indirectly, in any Parent, the Issuer or any Restricted Subsidiary as at the Issue Date or from time to time; and (ii) such entity as may hold shares transferred by departing directors, officers, employees or consultants (and any Related Person pursuant to clause (2) of the definition thereof) of any Parent, the Issuer or any Restricted Subsidiary for future redistribution to such management team.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;

(2) other than for purposes of the covenant described under "*Limitation on Sales of Assets, and Subsidiary Stock*," all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition, including pension and other post-employment benefits liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such transaction.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any Tax Sharing Agreements).

"*Note Guarantee*" means the guarantee by each Guarantor of the Issuer's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"*Notes*" means the Initial Notes and any Additional Notes.

"*Notes Documents*" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Offering Memorandum*" means this offering memorandum in relation to the Notes to be issued on the Issue Date.

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person. The obligations of an "Officer of the Issuer" may be exercised by the Officer of any Restricted Subsidiary who has been delegated such authority by the Board of Directors of the Issuer.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of, or counsel to, the Issuer or its Subsidiaries.

"*Ordinary Course Lease Obligations*" means any Lease Obligation relating to any leased property (whether real, personal or mixed) including, for the avoidance of doubt, office space, production facilities, land or other real property leased in the ordinary course of business or consistent with past practice, as reasonably determined by the Issuer.

"*Parent*" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Debt Contribution*" means a contribution to the equity of the Issuer or any of its Restricted Subsidiaries or the issuance or sale of Subordinated Shareholder Funding of the Issuer pursuant to which dividends or distributions may be paid pursuant to clause (20) of the fourth paragraph under "*—Limitation on Restricted Payments*."

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor);

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries, (b) costs and expenses with respect to the ownership, directly or indirectly, by any Parent, (c) any Taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent and (d) to reimburse reasonable out-of-pocket expenses of the Board of Directors of such Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Restricted Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed EUR 2 million in any fiscal year;

(7) any income Taxes, to the extent such income Taxes are attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such Taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided*, *however*, that the amount of such payments in any fiscal year do not exceed the amount that the Issuer and its Subsidiaries would be required to pay in respect of such Taxes on a consolidated basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries;

(8) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary, in such case, in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or (b) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed; and

(9) costs and expenses equivalent to those set out in clauses (1) to (8) above with respect to a Special Purpose Vehicle.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer or any Guarantor which does not constitute Subordinated Indebtedness.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permira*" means Permira Advisers LLP or any Permira general partnership managed, controlled or advised by Permira Advisers LLP (or by any other affiliated Permira advisory entity).

"*Permitted Collateral Liens*" means Liens on the Collateral:

(a) that are described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (11), (12), (14), (18), (20), (23) (other than Liens securing cash management liabilities that have super senior priority status in respect of the proceeds from the enforcement of the Collateral pursuant to the Intercreditor Agreement) and (24) of the definition of "Permitted Liens" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral;

(b) to secure:

(i) the Notes (other than any Additional Notes) and any related Note Guarantees;

(ii) Indebtedness permitted to be Incurred under the first paragraph of the covenant described under "—*Certain Covenants—Limitation on Indebtedness*";

(iii) Indebtedness described under clause (1) of the definition of Permitted Debt, which Indebtedness may have super senior priority status in respect of the proceeds from the enforcement of the Collateral, not materially less favorable to the Holders than that accorded to the Revolving Credit Facility pursuant to the Intercreditor Agreement as in effect on the Issue Date;

(iv) Indebtedness described under clause (2) of the definition of Permitted Debt, to the extent Incurred by the Issuer or a Guarantor and to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens;

(v) Indebtedness described under clause (5) of the definition of Permitted Debt and that is Incurred by the Issuer or a Guarantor; *provided* that, with respect to Senior Secured Indebtedness Incurred under clause (5)(a) of such definition only, at the time of the acquisition or other transaction pursuant to which such Indebtedness was Incurred and after giving effect to the Incurrence of such Indebtedness on a *pro forma* basis, (a) the Issuer would have been able to Incur EUR 1.00 of additional Senior Secured Indebtedness pursuant to clause (2) of the first paragraph of the covenant entitled "*—Limitation on Indebtedness*" or (b) the Consolidated Senior Secured Net Leverage Ratio for the Issuer and the Restricted Subsidiaries would not be greater than it was immediately prior to giving *pro forma* effect to such acquisition or other transaction and to the Incurrence of such Indebtedness;

(vi) Indebtedness described under clause (6) of the definition of Permitted Debt; *provided* that to the extent permitted by the Intercreditor Agreement, Hedging Obligations Incurred in compliance with the covenant entitled "*—Limitation on Indebtedness*" that are not subordinated in right of payment to the Notes may have super senior priority status in respect of the proceeds from the enforcement of the Collateral, not materially less favorable to the Holders than that accorded to the Revolving Credit Facility pursuant to the Intercreditor Agreement as in effect on the Issue Date;

(vii) Indebtedness described under clauses (7) (other than with respect to Lease Obligations), (11), (13), (14), (18) or (20) of the definition of Permitted Debt;

(viii) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (i) to (vii);

provided that, under this paragraph (b), each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided*, *further* that subject to the Agreed Security Principles, all property and assets (including, without limitation, the Collateral) of the Issuer or any Restricted Subsidiary securing such Indebtedness (including any guarantees thereof) or Refinancing Indebtedness secure the Notes and related Note Guarantees and the Indenture on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions substantially consistent with the corresponding provisions set forth in the Intercreditor Agreement or any Additional Intercreditor Agreement), except to the extent provided in clauses (iii) and (vi) above; or

(c) Incurred in the ordinary course of business or consistent with past practice of the Issuer or any of its Restricted Subsidiaries with respect to obligations that in total do not exceed the greater of and EUR 5 million and 5.0% of Consolidated EBITDA at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money or business and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Issuer's or such Restricted Subsidiary's business.

In the event that a Permitted Collateral Lien meets the criteria of more than one of the types of Permitted Collateral Liens (at the time of Incurrence or at a later date), the Issuer in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Collateral Lien in any manner that complies with the Indenture and such Permitted Collateral Lien shall be treated as having been made pursuant only to the paragraph or paragraphs of the definition of Permitted Collateral Lien to which such Permitted Collateral Lien has been classified or reclassified.

"*Permitted Holders*" means, collectively, (1) the Initial Investors, (2) the Management Investors, (3) any Related Person of any Persons specified in clauses (1) and (2), (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing or any Persons mentioned in the following sentence are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Initial Investors, the Management Investors and any Related Person of any Persons specified in clauses (1) and (2), together with any such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies owned by such group. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all of its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business or consistent with past practice and Investments in connection with any Qualified Receivables Financing;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business or consistent with past practice;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business or consistent with past practice and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with—*Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment; *provided* that the amount of the Investment may be increased (i) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of EUR 40 million and 40.0% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or consistent with past practice or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);

(15) (i) Guarantees not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business or consistent with past practice and (ii) advances, loans or other extensions of credit to any joint venture, distribution partner or franchisee (but not, for the avoidance of doubt, any purchase or acquisition of Capital Stock of a joint venture, distribution partner or franchisee or any other form of contribution to the equity of such joint venture, distribution partner or franchisee) in the ordinary course of business or consistent with past practice, taken together with all other Investments made pursuant to this clause (15)(ii) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of EUR 20 million and 20.0% of Consolidated EBITDA;

(16) Investments in loans under the Revolving Credit Facility, in the Notes and any Additional Notes or in any other Indebtedness of the Issuer and its Restricted Subsidiaries;

(17) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any of its Restricted Subsidiaries of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "*—Certain Covenants—Merger and Consolidation*" to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(18) Investments of cash held on behalf of merchants or other business counterparties in the ordinary course of business in bank deposits, time deposit accounts, certificates of deposit, bankers' acceptances, money market deposits, money market deposit accounts, bills of exchange, commercial paper, governmental obligations, investment funds, money market funds or other securities;

(19) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property or Investments in distribution partners or franchisees or franchised stores in

respect of any such purchases and acquisitions, in each case, in the ordinary course of business or consistent with past practice and in accordance with the Indenture;

(20) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility, workers' compensation, performance and other similar deposits, in each case, in the ordinary course of business or consistent with past practice;

(21) Investments in joint ventures and similar entities, Unrestricted Subsidiaries, distribution partners or franchisees, distribution partners' or franchisees' stores, any Similar Business or any co-investment vehicle, taken together with all other Investments made pursuant to this clause (21) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of EUR 30 million and 30.0% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause; and

(22) any other Investment, so long as, after giving *pro forma* effect to such Investment, the Consolidated Net Leverage Ratio shall be no greater than 4.25 to 1.00.

For purposes of determining compliance with this definition, (a) Permitted Investments need not be made solely by reference to one category of Permitted Investments described in this definition but are permitted to be made in part under any combination thereof and of any other available exemption and (b) in the event that a Permitted Investment (or any portion thereof) meets the criteria of one or more of the categories of Permitted Investments, the Issuer will, in its sole discretion, classify or reclassify such Permitted Investment (or any portion thereof) in any manner that complies with this definition.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor permitted by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or securing pension obligations, pension liabilities or partial retirement liabilities or any works council or similar agreement or arrangement in relation to part-time work or working-time accounts or other flexible work arrangements or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business or consistent with past practice;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business or consistent with past practice;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate

materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary (other than Collateral) securing Hedging Obligations permitted under the Indenture relating to Indebtedness permitted to be Incurred under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business or consistent with past practice;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business or consistent with past practice; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the definition of Permitted Debt and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions or customary standard terms relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from New York Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business or consistent with past practice;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date after giving *pro forma* effect to the Transactions;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens created or arising in connection with a Qualified Receivables Financing;

(22) (a) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) Liens on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;

(23) Liens arising under general business conditions in the ordinary course of business, including without limitation the general business conditions of any bank or financial institution with whom the Issuer or any of its Restricted

Subsidiaries maintains a banking relationship in the ordinary course of business or consistent with past practice (including arising by reason of any treasury and/or cash management, cash pooling, netting or set-off arrangement or other trading activities); or Liens over cash accounts and receivables securing cash pooling or cash management arrangements;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business or consistent with past practice;

(25) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(26) any security granted over the marketable securities portfolio described in clause (9) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(27) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(28) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes or any Note Guarantees, (b) Liens pursuant to the Intercreditor Agreement and the security documents entered into pursuant to the Indenture, (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing or sharing of recoveries as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement and (d) Liens securing Indebtedness incurred under clause (1) of the definition of Permitted Debt, in each case to the extent the Agreed Security Principles would permit such Lien to be granted to such Indebtedness and not to the Notes;

(29) Liens provided that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (29) does not exceed the greater of EUR 30 million and 30.0% of Consolidated EBITDA;

(30) Liens on receivables securing Indebtedness described under clause (12) of the definition of Permitted Debt;

(31) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Ordinary Course Lease Obligations;

(32) Liens securing Indebtedness described under clause (14) of the definition of Permitted Debt; and

(33) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (32); *provided* that any such extension, renewal or replacement shall not extend in any material respect to any additional property or assets.

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 Issuer in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with 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 Reorganization*" means a reorganization transaction resulting in a single new direct holder of the Capital Stock of the Issuer ("*New Holdco*") and the transfer of the Capital Stock or receivables, as applicable, of the Issuer held by any Parent to New Holdco; *provided* that (1) New Holdco shall be a person organized and existing in any member state of the European Union, the United Kingdom, any State of the United States of America or the District of Columbia, Canada or any province of Canada, Norway or Switzerland; (2) New Holdco will acquire the Capital Stock or receivables, as applicable, of the Issuer, (3) New Holdco shall have entered into (A) a confirmation deed or similar instrument confirming the first-ranking pledge of such Capital Stock and receivables, as applicable, in favor of the Holders of the Notes and assuming all relevant obligations of such Parent under any Security Document, (B) if applicable, an accession deed or similar instrument assuming all relevant obligations of such Parent under the Intercreditor Agreement and (C) a Security Document granting, if relevant, a first-priority pledge over any intercompany receivables payable by the Issuer to New Holdco, (4) the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that no Default is continuing or would arise as a result of such Permitted Parent Reorganization and (5) the Issuer will provide to the Trustee a certificate from the Board of Directors of New Holdco which confirms the solvency of New Holdco after giving effect to the Permitted Parent Reorganization. Upon such Permitted Parent Reorganization, the relevant Parent shall be released from its obligations under the Notes Documents save for any obligations expressed to survive release.

"*Permitted Reorganization*" means any Permitted Subsidiary Reorganization or Permitted Parent Reorganization.

"*Permitted Subsidiary Reorganization*" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, redomiciliation, winding up or corporate reconstruction involving the Issuer or any of its Restricted Subsidiaries and the assignment, transfer or assumption of intercompany receivables and payables among the Issuer and its Restricted Subsidiaries in connection therewith (a "*Reorganization*") that is made on a solvent basis; *provided* that: (a) all of the business and assets of the Issuer or such Restricted Subsidiaries remain owned by the Issuer or its Restricted Subsidiaries, (b) any payments or assets distributed in connection with such Reorganization remain within the Issuer and its Restricted Subsidiaries, (c) if any shares or other assets form part of the Collateral, substantially equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral, subject to the Agreed Security Principles, (d) if any Note Guarantee is released in connection with such Permitted Subsidiary Reorganization in accordance with the guarantee release provisions of the Indenture, Note Guarantees must be provided reasonably promptly following the completion of such Permitted Subsidiary Reorganization (subject to the Agreed Security Principles) such that the Note Guarantees in place following the Permitted Subsidiary Reorganization are substantially equivalent to the pre-existing Note Guarantees and (e) the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that no Default is continuing or would arise as a result of such Reorganization.

"*Permitted Sale and Leaseback Transactions*" means any arrangement providing for the leasing by the Issuer or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) (i) an Equity Offering has been consummated or (ii) there has occurred the acquisition, purchase, merger or combination of the Issuer or any Parent by or with a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of EUR 100 million (i) have been distributed pursuant to such Equity Offering or (ii) are otherwise listed on an exchange following a Public Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons), or the acquisition, purchase, merger or combination of the Issuer or any Parent by or with a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing following which the shares of common stock or other common equity interests of the successor entity are listed on an exchange.

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing that meets the following conditions: (1) the Board of Directors or an Officer of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer), (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Board of Directors or an Officer of the Issuer) and may include Standard Securitization Undertakings and (4) is non-recourse to the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) except to the extent of any Standard Securitization Undertakings.

"*Rating Agencies*" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Notes, any other Nationally Recognized Statistical Rating Organization selected by the Issuer as a replacement agency.

"*Receivables Assets*" means any accounts receivable of the Issuer or any of its Restricted 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 collected on 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 and any related Hedging Obligations, in each case, whether now existing or arising in the future.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries (i) may sell, convey or otherwise transfer any Receivables Assets to (a) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries) or (b) any other Person (in the case of a transfer by a Receivables Subsidiary) or (ii) may grant a security interest in any Receivables Assets.

"*Receivables Repurchase Obligation*" means any obligation of a seller of Receivables Assets in a Qualified Receivables Financing to repurchase Receivables Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer or any Restricted Subsidiary and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a Guarantee of any losses on securitized or sold receivables by the Issuer or any other Restricted Subsidiary, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any other Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any other Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

"*Recognized Exchange*" means the Main Market of the London Stock Exchange, one or more of the equivalent regulated markets of the Milan Stock Exchange, the Frankfurt Stock Exchange, or Euronext Paris or the Toronto Stock Exchange or the New York Stock Exchange or NASDAQ.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "*refinances*," "*refinanced*" and "*refinancing*" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the maturity date of the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay 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, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include (i) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Regulatory Debt Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more Credit Facilities entered into pursuant to any laws, legislation, regulations, acts or other similar rules (as amended from time to time) ("Rules") of any government (including, for the avoidance of doubt, any agency or instrumentality of thereof and including, without limitation, the Federal Reserve, the European Central Bank, the Italian Banking Association, the Bank of England and other federal or central banks or regulatory agencies); *provided* that, in each case, such Rules are in response to, or related to the effect of, COVID-19 or any similar epidemic or pandemic.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, insurance premium, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (*provided* such Taxes are in fact paid) by any Parent by virtue of its:

    (a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

    (b) issuing or holding Subordinated Shareholder Funding;

    (c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

    (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Subsidiaries; or

(e) having made or received any payment with respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*—Certain Covenants—Limitation on Restricted Payments*"; or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Restricted Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Restricted Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Restricted Subsidiaries.

"*Replacement Assets*" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the Issuer's business or in that of the Restricted Subsidiaries as of the Issue Date or any and all other businesses that in the good faith judgment of the Board of Directors or any Officer of the Issuer are related thereto.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the revolving credit facility made available under the Revolving Credit Facility Agreement.

"*Revolving Credit Facility Agreement*" refers to the revolving credit facility agreement dated June 8, 2020 and as amended and restated on or about the Issue Date and from time to time, among, *inter alios*, the Issuer, as borrower, and Credit Suisse AG, Milan Branch, Goldman Sachs International Bank, Barclays Bank Ireland PLC, Bank of America Merrill Lynch International Designated Activity Company and Intesa Sanpaolo S.p.A., as arrangers.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Senior Secured Indebtedness*" means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that is secured by a first-priority Lien on the Collateral and that is Incurred under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or clauses (1), (4)(a), (4)(b), (5), (7), (11), (13), (14), (18) or (20) of the definition of Permitted Debt, and any Refinancing Indebtedness in respect thereof that is secured by a first-priority Lien on the Collateral.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Issuer or any of its Restricted Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Special Purpose Vehicle*" means an entity established by any Parent for the purpose of maintaining an equity incentive or compensation plan for Management Investors.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "*—Change of Control*" and the covenant under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, 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 Note Guarantee pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to 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 Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to 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 or the making of any such payment prior to the six-month anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to six months after the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Holdco Liabilities" (as defined therein).

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which: (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as

applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Subsidiary Guarantor*" means a Guarantor that is a Restricted Subsidiary.

"*Successor Parent*" with respect to any Person means any other Person, 100% of the total voting power of the Voting Stock (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another wholly-owned Subsidiary) 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) 100% of the total voting power of the Voting Stock (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another wholly-owned Subsidiary) of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d- 5 under the Exchange Act (as in effect on the Issue Date).

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture, and any arrangements or transactions made between the Issuer and/or any of its Subsidiaries and/or any Parent in order to satisfy the obligations arising under any such Tax Sharing Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any parent company to enable a parent company to compensate the Issuer or such Subsidiary for losses incurred which may need to be compensated by a parent company under any profit and loss pooling agreement).

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in: (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state, (iii) the United Kingdom, (iv) Japan, Switzerland or Norway, (v) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (vi) any agency or instrumentality of any such country or member state; or (b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by: (a) any lender under the Revolving Credit Facility; (b) any institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (1)(a) above; or (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof, in each case, having capital and surplus aggregating in excess of EUR 250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A-" by S&P or "A-3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries) with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any European Union member

state, the United Kingdom, Japan, Switzerland or Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB—" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a member state of the European Union, the United Kingdom, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of EUR 250 million (or the foreign currency equivalent thereof) or whose long-term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds (a) complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended or (b) rated "AAA" by S&P or "Aaa" 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).

"*Transactions*" has the meaning assigned to such term in this Offering Memorandum under the heading "*Summary—The Transactions*."

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary comply with "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least EUR 1.00 of additional Indebtedness under clause (1) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). The Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. 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 Rule 144A Global Notes, the "**Global Notes**"). The Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the "**Rule 144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, the Notes will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their name, will not have received physical delivery of the Notes in certificated form and will not be considered the registered owners or "Holders" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. Accordingly, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

None of the Trustee, the Security Agent, Paying Agent, the Transfer Agent or the Registrar nor any of our or their agents will have any responsibility, or be liable, for any aspect of the records, or for payments made, relating to the Book-Entry Interests.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream, at the request of the holders of the Notes, reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "**Definitive Registered Notes**"), and to distribute such Definitive Registered Notes to their participants.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

(1) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture.

Euroclear and Clearstream have advised the Issuer that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that the Issuer issues or causes to be issued Notes in definitive registered form to all owners of Book-Entry Interests and not only to the owner who made the initial request.

In such an event described in clauses (1) and (2), the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken, or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a Transfer Agent, the Issuer will issue and the Trustee, or an authenticating agent, will authenticate a replacement Definitive Registered Note if the Trustee's, an authenticating agent's, and the Issuer's requirements are met. The Issuer or the Trustee, or authenticating agent, may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer, Trustee or Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for 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 the Issuer pursuant to the provisions of the Indenture, the Issuer in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

To the extent permitted by law, the Issuer, the Trustee, the Security Agent, the Calculation Agent, the Registrar, the Transfer Agent and the Paying Agent shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Registrar, and such registration is a means of evidencing title to the Notes.

The Issuer 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.

Redemption of Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, or their respective nominees, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of its Notes are to be redeemed at any time, Euroclear and Clearstream will credit their 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 in minimum denominations of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the relevant Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Paying Agent. The Paying Agent will, in turn make said payments to the common depositary or its nominee for Euroclear and Clearstream. Euroclear and/or Clearstream will distribute such payments to participants in accordance with their respective customary procedures. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, the Security Agent, the Registrar, the Calculation Agent, the Transfer Agent and the Paying Agent will treat the registered holders 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 Security Agent, the Registrar, the Transfer Agent and the Paying Agent or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or

- Euroclear, Clearstream or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the relevant Global Notes will be paid to holders of interests to such Notes through Euroclear and/or Clearstream in euro.

Transfers

Transfers between participants in Euroclear and/or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the relevant Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under "*Transfer Restrictions.*" Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Transfer Restrictions.*"

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfers*," and, if required, only if the transferor first delivers to the Transfer Agent 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*."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we nor the Initial Purchasers are responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream 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 Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be (i) listed on the Official List of the LuxSE and admitted for trading on the Euro MTF Market and (ii) listed on the Vienna Stock Exchange. The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and common code numbers for the Notes are set out under "*Listing and General Information—Clearing Information*." 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.

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 Trustee, the Security Agent, the Registrar, the Calculation Agent, the Transfer Agent or the Paying Agent 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 of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and 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.

TAXATION

OECD Common Reporting Standards

The Organization for Economic Co-operation and Development ("**OECD**") has developed a common reporting standard ("**CRS**") to achieve a comprehensive and multilateral automatic exchange of information on a global basis. A number of jurisdictions (including Italy) signed the OECD's multilateral competent authority agreement ("**Agreement**") to automatically exchange information under the CRS.

The CRS requires certain financial institutions to report information regarding certain accounts (which may include the Notes credited to such accounts) to their local tax authority and follow related due diligence procedures. A jurisdiction that has signed the Agreement may provide this information to other jurisdictions that have signed the Agreement.

Consequently, holders of the Notes may be requested to provide certain information and certifications to any financial institution resident in a jurisdiction that has signed the Agreement (including Italy) through which payments on the Notes are made.

The holders of Notes who are in any doubt as to their position should consult their professional advisors on the individual impact of CRS on their position.

Certain Italian Tax Considerations

The statements herein regarding certain Italian tax consequences of the purchase, holding and transfer of the Notes pursuant to the Italian tax law currently in force and published practices of the Italian tax authorities in effect in Italy as of the date of this offering memorandum and are subject to any changes in law and interpretation occurring after such date, which changes could be made on a retroactive basis. Neither the Issuer nor any other entity belonging to the Group will update this summary to reflect changes in law or in the interpretation thereof and, if any such change occurs, the information in this summary could be superseded.

The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposition of Notes for Italian resident and non-Italian resident beneficial owners only and it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all tax considerations which may be relevant to make a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to additional or special rules.

Prospective purchasers of the Notes should consult their own tax advisors concerning the overall tax consequences of their acquiring, holding and disposing of Notes and receiving payments on interest, principal and/or other amounts under the Notes, including, in particular, the effect of any State, regional and local taxes.

Tax Treatment of the Notes issued by the Issuer

Tax Treatment of Interest

Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**") sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price and any relevant make-whole premium, hereinafter collectively referred to as "**Interest**") deriving from Notes falling within the category of bonds or similar securities (*obbligazioni o titoli similari alle obbligazioni*), pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree No. 917**"), issued, *inter alia*, by:

(a) companies resident of Italy for tax purposes whose shares are listed on a regulated market or on a multilateral trading platform of members states of the European Union or States party to the European Economic Area Agreement ("**EEA State**") allowing a satisfactory exchange of information with the Italian tax authorities as included in White List; or

(b) companies resident of Italy for tax purposes whose shares are not listed, issuing notes traded (*negoziati*) upon their issuance on the aforementioned regulated markets or platforms; or

(c) if not traded on the aforementioned markets or multilateral trading platforms, when such notes are subscribed and held by "*qualified investors*" pursuant to article 100 of the Italian Legislative Decree No. 58 of February 24, 1998.

For these purpose, bonds and similar securities, are securities that:

(i) incorporate an unconditional obligation for the Issuer to pay at maturity (or at any earlier full redemption / repayment of the security) an amount not lower than their nominal value or principal amount;

(ii) do not attribute to the holders any direct or indirect right to control or participate in the management of the Issuer or in the management of the business in respect of which the Notes have been issued; and

(iii) not provide for a remuneration which is entirely linked to profits of the Issuer, or other companies belonging to the same group or to the business in respect of which the Notes have been issued.

Italian resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where the beneficial owner of the Notes (a "**Noteholder**") is an Italian resident and is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;

(b) a non-commercial partnership (*società semplice*) (other than *società in nome collettivo* and *società in accomandita semplice* or similar partnerships), a *de facto* non-commercial partnership or a professional association;

(c) a non-commercial private or public institution, or a trust (excluding Italian undertakings for collective investments) not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or

(d) an investor exempt from Italian corporate income taxation,

then Interest derived from the Notes, and accrued during the relevant holding period, is subject to a tax withheld at source, referred to as "*imposta sostitutiva,*" levied at the rate of 26% (either when Interest is paid or obtained upon disposal of the Notes), unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and has validly opted for the application of the risparmio gestito regime under Article 7 of Legislative Decree No. 461 of November 21, 1997 ("**Decree No. 461**"). See also "*—Tax Treatment of Capital Gains—Risparmio Gestito Regime.*"

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be exempt from any income taxation (including the 26% imposta sostitutiva) if the Noteholder is an Italian resident individual not engaged in entrepreneurial activity and the Notes are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth in Article 1, paragraph 100-114 of Law No. 232 of 11 December 2016 ("**Law No. 232**"), in Article 1, paragraph 211-215 of Law No. 145 of 30 December 2018 ("**Law No. 145**"), in Article 13-bis of Law Decree No. 124 of 26 October 2019 ("**Law Decree No. 124**") and in Article 136 of Law Decree No. 34 of 19 May 2020 ("**Decree No. 34/2020**"), as amended and applicable from time to time.

Noteholders Engaged in an Entrepreneurial Activity

In the event that the Italian resident Noteholders described under clauses (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes, together with the coupons related thereto, are deposited with an Intermediary (as defined below), Interest from the Notes will not be subject to *imposta sostitutiva*. They must, however, be included in the relevant Noteholder's income tax return and are therefore subject to the Italian corporate tax ("**IRES**," levied at the rate of 24% although certain surcharges may apply) and, in certain circumstances, depending on the "status" of the Noteholder, the Italian regional tax on productive activities ("**IRAP**," generally levied at the base rate of 3.9%, even though regional surcharges may apply).

According to Article 1, paragraph 6-bis of Law Decree No. 201 of December 6, 2011, converted into Law No. 214 of December 22, 2011, the base upon which the "*Aiuto alla Crescita Economica*" benefit set forth in Article 1 of Law Decree No. 201 of December 6, 2011 (ACE Benefit) is computed is reduced by an amount equal to the positive difference (if any) between (i) the aggregate book value of securities (*titoli e valori mobiliari*), including the Notes, other than shares reported in the taxpayer's financial statements for the relevant tax year and (ii) the aggregate book value of securities (titoli e valori mobiliari) other than shares reported in the taxpayer's financial statements of the tax year that was current on December 31, 2010. The restrictive rule applies only to taxpayers different from those carrying out financial and insurance activities falling into section K of the ATECO classification of economic activities, other than non-financial holding companies and assimilated entities. Only Italian resident persons carrying on an entrepreneurial activity (and in particular Italian resident corporations) and Italian permanent establishments of non-Italian resident persons can enjoy the ACE Benefit.

Real Estate Funds and real estate SICAFs

Where an Italian resident Noteholder is a real estate investment fund ("**Real Estate Fund**") or an Italian real estate closed-ended investment company *Società di Investimento a Capitale Fisso* ("**SICAFs**") and the Notes, together with the coupon related thereto, are deposited in due time with an Intermediary (as defined below). Interest is subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate Fund or real estate SICAF. However, a withholding or substitute tax of 26% will apply, in certain circumstances, on income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realized by Italian real estate investment funds or real estate SICAFs may be attributed pro rata to Italian resident unitholders or shareholders holding more than 5% of the of the Italian real estate investment fund or real estate SICAF irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

Where an Italian resident Noteholder is a non real estate open-ended or closed-ended collective investment fund (a "**Fund**") or *Società di Investimento a Capitale Variabil*e ("**SICAV**") or a non-real estate closed-ended SICAF established in Italy and either (i) the Fund, the SICAV or non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the Notes, together with the coupons related thereto, are deposited with an Intermediary (as defined below), Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund, SICAV or non-real estate SICAF. The Fund, the SICAV or the non-real estate SICAF are subject neither to *imposta sostitutiva* nor to any other income tax at their level, but a withholding or substitute tax of 26% will apply, in certain circumstances, on income realized by unitholders or shareholders in the event of distribution, redemption or disposal of the units/ shares.

Pension Funds

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of December 5, 2005) and the Notes, together with the coupons related thereto, are deposited with an Intermediary (as defined below), Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must intend to be included in the results of the relevant portfolio accrued at the end of the tax period (which will be subject to a 20% substitute tax).

Subject to certain conditions (including minimum holding period) and limitations, Interest relating to the Notes may be excluded from the taxable base of the 20% substitutive 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, paragraph 100-114 of Law No. 232, in Article 1, paragraph 211-215 of Law No. 145, in Article 13-bis of Law Decree No. 124, and in Article 136 of Decree No. 34/2020, as amended and applicable from time to time.

Enforcement of Imposta Sostitutiva

Pursuant to Decree No. 239, the *imposta sostitutiva* is levied by Italian resident banks, brokerage companies (*società di intermediazione mobiliare* "**SIM**"), fiduciary companies, *società di gestione del Risparmio* ("**SGR**"), stockbrokers and other entities identified by a decree of the Ministry of Finance or Italian permanent establishment of equivalent foreign entities (each, an "**Intermediary**").

An Intermediary must:

(a) be resident in Italy, or be a permanent establishment in Italy of a non-Italian resident financial intermediary, and

(b) intervene, in any way, in the collection of Interest or in the transfer of the Notes.

For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by Intermediary paying interest to a Noteholder or, absent that, by the Issuer and gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct the suffered *imposta sostitutiva* from income taxes due.

Non-Italian Resident Noteholders

Where the Noteholder is a non-Italian resident for tax purposes, without a permanent establishment in Italy to which the Notes are effectively connected, payments of Interest in respect of the Notes issued by the Issuer will not be subject to the *imposta sostitutiva* at the rate of 26% provided that the non-Italian resident Noteholder is:

(i) a beneficial owner of the payment of the Interest and resident in a State or territory included in the White List;

(ii) an international body or entity set up in accordance with international agreements which has entered into force in Italy,

(iii) an "institutional investor" (whether or not subject to tax) established in a State or territory included in the White List even if it does not possess the status of a taxpayer in its own State of establishment, or

(iv) a central bank or entity that manages, inter alia, official reserves of a foreign State.

To be entitled to the exemption, non-Italian resident Noteholder must be the beneficial owner of the interest payments (or certain non—resident institutional investors) and must deposit the Notes together with any related coupons since the issue date directly or indirectly with:

i. an Italian or non-resident bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or

ii. an Italian resident bank or brokerage company (SIM), or a permanent establishment in Italy of a non-resident bank or brokerage company (SIM), acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**"). Organizations and companies not resident of Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments) for the purposes of the application of Decree 239/96. If a non-resident Noteholder deposits the Notes directly with a Second Level Bank, this is treated both as a First Level Bank and a Second Level Bank.

The exemption from *imposta sostitutiva* for a non-Italian resident Noteholder is conditional upon:

- the timely deposit of the Notes, since their issue date, whether directly or indirectly, with an institution that qualifies as a Second Level Bank; and

- the timely submission to the First Level Bank or the Second Level Bank, before Interest is paid or deemed to be paid, of a statement (*autocertificazione*) whereby the Noteholder declares, *inter alia*, that it is eligible to benefit from the withholding tax exemption.

Such statement must comply with the requirements set forth by a Ministerial Decree dated December 12, 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in point b) above or Central Banks or entities also authorized to manage the official reserves of a State referred to in point d) above. Additional requirements are provided for "institutional investors" referred to in point c) above (in this respect see Circular No. 23/E of March 1, 2002 and No. 20/E of March 27, 2003).

The imposta sostitutiva will be applicable at a rate of 26% to interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the requested conditions (including the procedures set forth under Decree No. 239 and in the relevant implementation rules).

Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty between Italy and their country of residence, subject to timely filing of required documentation provided by Measure of the Director of Italian Revenue Agency No. 2013/84404 of 10 July 2013 or by any other forms approved by the respective tax authorities.

Fungibility Issues

Pursuant to Article 11, paragraph 2 of Decree 239, where the relevant issuer issues a new tranche forming part of a single series with a previous tranche of notes, for the purposes of calculating the amount of Interest subject to imposta sostitutiva, the issue price of the new tranche of notes will be deemed to be the same amount as the issue price of the original tranche of notes. This rule applies where (a) the new tranche of notes is issued within twelve months from the issue date of the previous tranche of notes and (b) the difference between the issue price of the new tranche of notes and that of the original tranche of notes does not exceed 1% multiplied by the number of years of the duration of the Notes.

Payments Made by an Italian Resident Guarantor

With respect to payments on the Notes made to Italian resident Noteholder by an Italian resident Guarantor of the Notes, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to Interest and other proceeds from the Notes may be subject to the tax regime described above. However, there are no tax authority guidelines directly regarding the Italian tax regime of payments on notes made by an Italian resident Guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments or that the Italian courts would not support such an alternative treatment.

In particular, according to a different interpretation, if a Guarantor makes any payments in respect of Interest on the Notes, it is possible that such payments may be subject to withholding tax at applicable rates, pursuant to Presidential Decree No. 600 of September 29, 1973 (currently at domestic rate of 26%), subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Tax Treatment of Capital Gains

Italian Resident Noteholders

Noteholders Not Engaged in an Entrepreneurial Activity

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to a substitute tax provided for by Legislative Decree 21 November 1997, No. 461 as subsequently amended (the "**Decree No. 461**"), levied at the rate of 26%. Under certain conditions and limitations, Noteholders may set off any capital gain against capital losses.

In respect of the application of the substitute tax on capital gains, an Italian resident individual may opt for any of the three regimes described below.

Tax Declaration Regime

Under the "tax declaration regime" (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the substitute tax on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss of the same kind) realized by the Italian resident individual holding the Notes, during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss of the same kind, in their annual tax return and pay the substitute tax on such gains of the same kind together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years.

Risparmio Amministrato Regime

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the substitute tax separately on capital gains realized on each sale or redemption of the Notes (*risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to:

i. the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediary; and

ii. an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder.

The depository must account for the substitute tax in respect of capital gains realized on each sale or redemption of the Notes, net of any incurred capital loss. The depository must also pay the substitute tax on capital gains to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a sale or redemption of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Risparmio Gestito Regime

In the *risparmio gestito* regime, any capital gains realized by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a 26% substitute tax, to be paid by the managing authorized intermediary. Any depreciation of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains realized in its annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from any income taxation, including the 26% substitute tax on capital gains, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraph 100-114 of Law No. 232, in Article 1, paragraph 211-215 of Law No. 145, in Article 13-bis of Law Decree No. 124, and in Article 136 of Decree No. 34/2020, as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of Law no. 178 of 30 December 2020 ("**Law No. 178**"), it is further provided that Italian resident individuals investing, by 31 December 2021, in long-term individual savings account compliant with Article 13-bis, paragraph 2-bis of Law Decree No. 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (*e.g.*, including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Noteholders Engaged in an Entrepreneurial Activity

Any gain obtained from the sale or redemption of the Notes would be treated as part of taxable income subject to income tax (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of net value of the production for IRAP purposes) if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real Estate Funds and real estate SICAFs

Any capital gains realized by a Noteholder which is an Italian Real Estate Funds and real estate SICAF will be subject neither to substitute tax nor to any income tax at the level of the Real Estate Funds or real estate SICAF. A substitutive tax may apply in certain circumstances at the rate of 26% on income realized by unitholders or shareholders in event of distributions or redemption or disposal of the units or the shares. Moreover, subject to certain conditions, income realized by Real Estate Funds or Real Estate SICAFs may be attributed *pro rata* to Italian resident unitholders or shareholders owning more than 5% of the units or shares of the Real Estate Fund or of the Real Estate SICAF, irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

Any capital gains realized by a Noteholder who is an Italian Fund, SICAV or a non-real estate SICAF will not be subject to substitute tax but will be included in the result of the relevant portfolio accrued at the end of the relevant tax period which is exempt from any income tax. A 26% withholding tax will apply in certain circumstances, on income realized by certain categories of unitholders or shareholders in case of distribution, redemption or disposal of the units or the shares.

Pension Funds

Any capital gains realized by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to a 20% substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraph 100-114 of Law No. 232, in Article 1, paragraph 211-215 of Law No. 145, in Article 13-bis of Law Decree No. 124, and in Article 136 of Decree No. 34/2020, as amended and applicable from time to time.

Non-Italian Resident Noteholders

A 26% substitute tax on capital gains may be payable on capital gains realized upon the sale or redemption of the Notes by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23, let. f), of Decree No. 917, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and traded on regulated markets in Italy or abroad are not subject to the *imposta sostitutiva* on capital gains, subject to timely filling of required documentation (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes and has no permanent establishment in Italy to which the Notes are effectively connected).

Pursuant to Article 5, paragraph 5, of Decree No. 461, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer, even if not traded on regulated markets, are not subject to the substitute tax on capital gains, provided that the beneficial owner is:

(a) resident, for tax purposes, in a State included in the White List and does not have a permanent establishment in Italy to which the Notes are effectively connected;

(b) an international body or entity set up in accordance with international agreements which have entered into force in the Republic of Italy;

(c) an "institutional investor," whether or not subject to tax, which is established in a country which is listed in the White List, even if it does not possess the status of a taxpayer in its own state of establishment and provided that they timely file with the relevant depositary an appropriate self-declaration of being an institutional investor; or

(d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy the same conditions set forth above to benefit from the exemption from the imposta sostitutiva in accordance with Decree 239. See "*—Tax Treatment of Interest.*"

If none of the above conditions above is met, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to substitute tax at the current rate of 26%. However, non-Italian resident Noteholders might benefit from an applicable tax treaty with Italy providing that capital gains realized upon the sale or redemption of the Notes are to be taxed only in the State where the recipient is tax resident, subject to certain conditions to be satisfied.

Under these circumstances, if non-Italian residents Noteholder without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorized financial intermediary and are subject to the *risparmio amministrato* regime or elect for the *risparmio gestito* regime, exemption from Italian taxation on capital gains will apply upon condition that the non-Italian residents file in time with the authorized financial intermediary appropriate documents which include, *inter alia*, a certificate of residence from the competent tax authorities of their country of residence.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding Notes deposited with an Intermediary, but non-Italian resident Noteholders retain the right to waive this regime.

Italian Inheritance Tax and Gift Tax

Subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of assets and rights (including the Notes) (i) by reason of death or gift by Italian resident persons (or other transfers for no consideration and the creation of liens on such assets for a specific purpose), even if the transferred assets are held outside Italy, and (ii) by reason of death or gift by non-Italian resident persons, but limited to transferred assets held in Italy. Notes issued by Italian resident company are deemed to be held in Italy.

Subject to certain exceptions, transfers of assets and rights (including the Notes) on death or by gift are generally subject to gift and inheritance tax as follows:

(a) At a rate of 4 percent in case of transfers in favor of the spouse or relatives in direct line, on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, a threshold of € 1,000,000.00;

(b) At a rate of 6 percent in case of transfers made to relatives up to the fourth degree or relatives-in-law up to the third degree on the entire value of the transferred assets (in the case of transfers to brothers or sisters, the six percent rate is applicable only on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, €100,000.00);

(c) At a rate of 8 percent for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

With respect to Notes listed on a regulated market, the relevant value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

If the transfer is made in favor of person with a severe disability, the tax applies on the value exceeding €1,500,000.00 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

As of January 1, 2017, assets and rights (i) segregated in a trust, or (ii) allocated to special funds by entering into a fiduciary contract, or (iii) encumbered by special purpose liens under Article 2645-*ter* of the Italian Civil Code, in favor of persons with severe disabilities are exempt from the Italian inheritance and gift tax, provided that all the conditions set out in Article 6 of Law No. 112 of June 22, 2016 are met. The exemption from Italian inheritance and gift tax also applies to the re-transfer of assets and rights if the death of the beneficiary occurs before the death of the settlor.

No inheritance tax applies if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth under Italian tax law.

Italian inheritance tax and gift tax applies to non-Italian resident individuals for Notes issued by Italian resident companies.

Stamp Taxes and Duties

Under Article 13(2*bis*-2*ter*) of Decree No. 642 of October 26, 1972, as amended from time to time, a 0.20 percent stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries. Notes are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

The stamp duty cannot exceed €14,000.00 per year for investors other than individuals.

The taxable base of the stamp duty is the market value or—in the lack thereof—the nominal value or the redemption amount of any financial product or in the case that the nominal value or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) resulting from any periodic reporting communication issued by the Italian financial intermediary with which the Notes are deposited (the tax being determined in proportion to the reporting period). Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty does not apply to communications and reports that the Italian financial intermediaries send to any investor who does not qualify as "client" as defined in the regulations issued by the Bank of Italy on June 20, 2012, as amended and supplemented. Communications and reports sent to this type of investors are subject to the ordinary €2.00 stamp duty for each copy. Therefore, stamp duty applies both to Italian resident Noteholders and to non-Italian resident Noteholders, to the extent that the Notes are held with, or administered or managed through, an Italian-based financial intermediary.

Wealth Tax on Financial Products Held Abroad

Under Article 19 of Decree No. 201 of December 6, 2011, recently amended by Article 1, paragraphs 710 of Law No. 160 of December 27, 2019, individuals, non-business entities and non-business partnerships resident for tax purposes in Italy, which hold certain financial products—including the Notes—outside of Italian territory are in certain cases required to pay a wealth tax at the rate of 0.20 percent (the tax being determined in proportion to the period of ownership). Pursuant to Article 134 of Law Decree No. 34 of May 19, 2020, the wealth tax cannot exceed €14,000 per year for Noteholders other than individuals. The wealth tax applies on the market value at the end of the relevant year (or at the end of the holding period) or, in the lack thereof, on the nominal value or redemption value of such financial products held outside Italy or on the purchase value of any financial product (including the Notes) held abroad by Italian resident individuals.

Taxpayers may deduct from the Italian wealth tax a tax credit equal to any equivalent wealth tax paid and correctly imposed in the country where the financial products are held (up to the amount of the Italian wealth tax due).

Transfer tax

Contracts relating to the transfer of Notes are subject to registration tax as follows:

(a) public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of €200.00, and

(b) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €200.00 only if they are voluntary filed for registration with the Italian tax authorities or is the so-called "*caso d'uso*" or "*enunciazione*" occurs.

Automatic Exchange of Information in Italy

Italy has implemented through Italian Law No. 95 of June 18, 2015 ("**Law 95/2015**") and Italian Ministerial Decree dated December 28, 2015 the automatic exchange of information regime provided under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The regime under Council Directive 2011/16/EU (as amended) is in accordance with the Common Reporting Standard (**CRS**) released by the Organization for Economic Cooperation and Development in July 2014.

In the event that holders of the Notes hold the Notes through an Italian financial institution (as defined in the Italian Ministerial Decree of December 28, 2015 implementing Law 95/2015), they may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the above automatic exchange of information regime.

Italian Financial Transactions Tax

According to Article 1(491-500) of Law No. 228 of 24 December 2012, as implemented by Ministerial Decree of February 21, 2013 (as amended and supplemented by Ministerial Decree of September 16, 2013), Italian financial transaction tax ("**FTT**") shall apply, among the other, on (a) transfer of ownership of shares and participating financial instrument issued pursuant to Article 2346(6) of the Italian civil code by Italian resident companies or (b) securities representing equity investments in Italian resident corporations such as American Depositary Receipts and Global Depositary Receipts, regardless of the place of residence of the issuer of such securities and of the place where the contract has been concluded.

Securities falling within the category of bonds (*obbligazioni*), such as the Notes, do not meet the requirements set out above and, consequently, are not included in the scope of the FTT.

Certain Reporting Obligations for Italian Resident Noteholders

According to Legislative Decree No. 167 of 28 June 1990, converted into law by Law No. 227/1990, Italian resident individuals, non-business entities and non-business partnerships that are resident in Italy for tax purposes and, during the tax year, hold financial assets abroad (including possibly the Notes) must, in certain circumstances, disclose these financial assets to the Italian tax authorities in section RW of their yearly income tax return (or if the income tax return is not due, in a proper form that must be filed within the same term as prescribed for the annual income tax return), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding €15,000.00 throughout the year). The requirement applies also if the persons above, being not the direct holder of the financial assets, are the beneficial owners thereof for the purposes of anti-money laundering provisions.

No disclosure requirements exist for financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, broker-dealers (SIM), fiduciary companies or other professional intermediaries as indicated under Article 1 of Law Decree No. 167 of June 28, 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such assets and contracts have been subjected to Italian withholding tax or substitute tax by such intermediaries.

The Proposed European Financial Transactions Tax

On 14 February 2013, the European Commission published the FTT Proposal for a common FTT in the Participating Member States, which at the time included Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. However, Estonia has later stated that it will not participate ("**Participating Member State**").

The FTT Proposal has a very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the FTT Proposal, the FTT could apply in certain circumstances to persons both within and outside of Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including by transacting with a person established in a Participating Member State or where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT Proposal remains subject to negotiation among the Participating Member States. It may therefore be altered prior to implementation. Additional Member States may also decide to participate.

Prospective holders of the Notes are strongly advised to seek their own professional advice in relation to the proposed FTT.

Certain U.S. Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Notes issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. This discussion is limited to consequences relevant to a U.S. Holder (as defined below), except for discussions on Additional Notes (under "*—Additional Notes*") and FATCA (under "*—Foreign Account Tax Compliance Act*"), and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "**IRS**"), in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a holder of the Notes. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of the Notes.

This discussion is limited to holders who hold the Notes as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, this discussion is limited to persons purchasing the Notes for cash at original issue and at their original "issue price" within the meaning of Section 1273 of the Code (i.e., the first price at which a substantial amount of the Notes is sold to the public for cash). This discussion does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding the Notes as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- S corporations, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations; and
- persons deemed to sell the Notes under the constructive sale provisions of the Code.

For purposes of this discussion, a "**U.S. Holder**" means a beneficial owner of a Note who or that is, for U.S. 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 U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. 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 U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding the Notes and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES ARISING UNDER OTHER U.S. FEDERAL TAX LAWS (INCLUDING ESTATE AND GIFT TAX LAWS), UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Effect of the IPO Debt Pushdown Provisions

In the event that the Issuer of the Notes changes as a result of the provisions described under "*Description of the Notes—IPO Debt Pushdown*," such change in the Issuer could result in a deemed exchange of the Notes for "new" Notes for U.S. federal income tax purposes. In such event, U.S. Holders generally would recognize any gain on such exchange (although any loss could be disallowed), and the "new" Notes could be treated as issued with original issue discount ("**OID**"), or a greater amount of OID, for U.S. federal income tax purposes.

Characterization of the Notes

In certain circumstances (see "*Description of the Notes—Optional Redemption,*" "*Description of the Notes—Withholding Taxes,*" and "*Description of the Notes—Change of Control*"), the Issuer may be obligated to redeem the Notes for an amount in excess of their adjusted issue price (plus accrued and unpaid interest), or may be obligated to make certain payments on the Notes in excess of stated principal and interest. Although the issue is not free from doubt, the Issuer believes that the Notes should not be treated as contingent payment debt instruments due to the possibility of such a redemption occurring or such excess payments being made. The Issuer's position is binding on a U.S. Holder, unless the U.S. Holder discloses in the proper manner to the IRS that it is taking a different position. If the IRS successfully challenged this position, and the Notes were treated as contingent payment debt instruments, U.S. Holders could be required to accrue interest income at a rate different than their yield to maturity and to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange, retirement, redemption or other taxable disposition of a Note. The balance of this discussion assumes that the Notes will not be considered contingent payment debt instruments. U.S. Holders are urged to consult their tax advisors regarding the potential application of the Notes of the contingent payment debt instrument rules and the consequences thereof.

Payments of Stated Interest

Payments of stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be includible in the gross income of a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the foreign currency interest payment (determined based on the spot rate of exchange on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time. A cash method U.S. Holder will not recognize exchange gain or loss with respect to the receipt of such stated interest, but may recognize exchange gain or loss attributable to the actual disposition of the foreign currency so received.

A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes (or who otherwise is required to accrue interest prior to receipt) will be required to include in income (as ordinary income) the U.S. dollar value of the amount of stated interest income in foreign currency that has accrued with respect to its Notes during an accrual period. The U.S. dollar value of such foreign currency denominated accrued stated interest will be determined by translating such amount at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within each taxable year. An accrual basis U.S. Holder may elect, however, to translate such accrued stated interest income into U.S. dollars using the spot rate of exchange on the last day of the interest accrual period or, with respect to an accrual period that spans two taxable years, using the spot rate of exchange on the last day of the taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued stated interest, a U.S. Holder that has made the election described in the prior sentence may translate such interest using the spot rate of exchange on the date of receipt of the stated interest. The above election will apply to other debt instruments held by an electing U.S. Holder and may not be changed without the consent of the IRS.

A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize exchange gain or loss with respect to accrued stated interest income on the date such interest is received. The amount of exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the foreign currency payment received (determined based on the spot rate of exchange on the date such stated interest is received) in respect of such accrual period and the U.S. dollar value of the stated interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time. Any such exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Original Issue Discount

The Notes will be issued with OID for U.S. federal income tax purposes. Notes are treated as issued with OID if the stated principal amount of such Notes exceeds their issue price (as defined above) by an amount equal to or greater than a statutorily defined *de minimis* amount (generally, 0.0025 multiplied by the stated principal amount and the number of complete years to maturity from the issue date).

U.S. Holders of Notes generally will be required to include such OID in gross income (as ordinary income) for U.S. federal income tax purposes on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. Holders generally will include any OID in income in advance of the receipt of cash attributable to such income.

The amount of any OID with respect to a Note includible in income by a U.S. Holder is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which such U.S. Holder holds such Note. A daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID that accrued in such period. The accrual period of a Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its "yield to maturity," determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of stated interest allocable to such accrual period. The adjusted issue price of a Note at the start of any accrual period generally is equal to its issue price, increased by the accrued OID for each prior accrual period. The yield to maturity of a Note is the discount rate that, when used in computing the present value of all principal and interest payments to be made under the Note, produces an amount equal to the issue price of the Note. For purposes of determining OID accruals and adjusted issue price only, the amounts of stated interest and OID are determined by assuming that the interest rate on the Notes is a fixed rate based on the value of the floating rate applicable to the Notes as of the issue date.

OID on the Notes will be determined for any accrual period in foreign currency and then translated into U.S. dollars in accordance with either of the two alternative methods described in the third paragraph under "*—Payments of Stated Interest*."

A U.S. Holder will recognize foreign currency exchange gain or loss when OID is paid (including, upon the disposition of a Note, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference, if any, between the U.S. dollar value of the foreign currency payment received, translated at the spot rate of exchange on the date such payment is received, and the U.S. dollar value of the accrued OID, as determined in the manner described above. For these purposes, all receipts on a Note will be viewed first, as payment of stated interest payable on the Note; second, as receipt of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as receipt of principal. Foreign currency exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense. The rules governing instruments issued with OID for U.S. federal income tax purposes are complex and prospective purchasers should consult their tax advisors concerning the application of such rules to the Notes as well as the interplay between the application of the OID rules and the currency exchange gain or loss rules.

Foreign Tax Credit

Stated interest income (and OID) on a Note generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit (or at such holder's election, a deduction in lieu of such credit) allowable to U.S. Holders under U.S. federal income tax laws. Any non-U.S. withholding tax paid by or on behalf of a U.S. Holder at the rate applicable to such holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations (including holding period and at risk rules). There are significant complex limitations on a U.S. Holder's ability to claim foreign tax credits. U.S. Holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. Holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as stated interest income as discussed above to the extent not previously included in income by the U.S. Holder) and such U.S. Holder's adjusted tax basis in the Note.

A U.S. Holder's adjusted tax basis in a Note generally will be the cost of such Note to such U.S. Holder, increased by any OID previously accrued by such U.S. Holder with respect to the Note. The cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the foreign currency purchase price translated at the spot rate of exchange on the date of purchase. If the applicable Note is treated as traded on an established securities market and the relevant U.S. holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described below, such U.S. holder will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

If a U.S. Holder receives foreign currency on such a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such foreign currency translated at the spot rate of exchange on the date of disposition. In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. Holder and, if it so elects, an accrual basis U.S. Holder, will determine the U.S. dollar value of such foreign currency by translating such amount at the spot rate of exchange on the settlement date of the disposition. The special election available to accrual basis U.S. Holders in regard to the purchase and disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. Holder and cannot be changed without the consent of the IRS. If the Notes are not traded on an established securities market (or the relevant holder is an accrual basis U.S. Holder that does not make the special settlement date election), a U.S. Holder generally will recognize exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss.

Gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will be U.S. source ordinary income or loss. Gain or loss attributable to fluctuations in currency exchange rates with respect to the principal amount of a Note generally will equal the difference, if any, between the U.S. dollar value of the U.S. Holder's foreign currency purchase price for the Note, determined at the spot rate of exchange on the date principal is received from the Issuer or the U.S. Holder disposes of the Note, and the U.S. dollar value of the U.S. Holder's foreign currency purchase price for the Note, determined at the spot rate of exchange on the date the U.S. Holder purchased such Note. In addition, upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. Holder may recognize exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest and OID which will be treated as discussed above under *"—Payments of Stated Interest*" or "*—Original Issue Discount*," as applicable. However, upon a sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. Holder will recognize any exchange gain or loss (including with respect to accrued interest and accrued OID) only to the extent of total gain or loss realized by such U.S. Holder on such disposition.

Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note in excess of exchange gain or loss attributable to such disposition generally will be U.S. source gain or loss and generally will be capital gain or loss. Capital gains of non-corporate U.S. Holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

U.S. Holders should consult their tax advisors regarding how to account for payments made in a foreign currency with respect to the acquisition, sale, exchange, retirement or other taxable disposition of a Note and the foreign currency received upon a sale, exchange, retirement or other taxable disposition of a Note.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of stated interest (and the accrual of OID) on a Note and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. Holder unless such U.S. Holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. Holder fails to provide a taxpayer identification number or a certification that it is not subject to backup withholding, or otherwise fails to comply with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Tax Return Disclosure Requirements

U.S. Treasury Regulations require the reporting to the IRS of certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest on or a sale, exchange, retirement, redemption or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. Holders should consult their own tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

U.S. Holders who are individuals and who own "specified foreign financial assets" with an aggregate value in excess of certain minimum thresholds at any time during the tax year generally are required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. If a U.S. Holder does not file a required IRS Form 8938, such holder may be subject to substantial penalties and the statute of limitations on the assessment and collection of all U.S. federal income taxes of such holder for the related tax year may not close before the date which is three years after the date on which such report is filed. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

U.S. Holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Additional Notes

The Issuer may issue additional notes under the Indenture ("**Additional Notes**"). Even if these Additional Notes are treated as part of the same series as the Notes for non-tax purposes, in some cases they may be treated as a separate series for U.S. federal income tax purposes. If that were the case and the Additional Notes are issued with OID (or a different amount of OID from the Notes), the market value of the Notes may be adversely affected if the Additional Notes are not otherwise distinguishable from the Notes.

Foreign Account Tax Compliance Act

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "**FATCA**") and subject to the proposed regulations discussed below, a "foreign financial institution" and certain other foreign entities may be required to withhold U.S. tax on certain "foreign passthru payments" (a term not yet defined) made after December 31, 2018 to the extent such payments are treated as attributable to certain U.S. source payments. Under proposed regulations, any withholding on "foreign passthru payments" on Notes that are not otherwise grandfathered (as described below) would apply to "foreign passthru payments" made on or after the date that is two years after the date of publication in the U.S. Federal Register of applicable final regulations defining "foreign passthru payments." Taxpayers generally may rely on these proposed regulations until final regulations are issued. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining "foreign passthru payments" are published in the U.S. Federal Register generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA could apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. However, if Additional Notes are issued after the expiration of the grandfathering period, have the same CUSIP or ISIN as the original Notes issued hereby, and are subject to withholding under FATCA, then withholding agents may treat all the notes, including the Notes issued hereby, as subject to withholding under FATCA. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

CERTAIN ERISA CONSIDERATIONS

General

The Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and the Code impose certain requirements on employee benefit plans subject to Title I of ERISA and other plans and arrangements that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts, as well as on entities that are deemed to hold the assets of such plans within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (collectively, "**Plans**"), and on those persons who are fiduciaries with respect to such Plans. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Plan or the management or disposition of the assets of such a Plan, or who renders investment advice for a fee or other compensation to such a Plan, is generally considered to be a fiduciary of the Plan.

A fiduciary of a Plan should consult with its counsel in order to determine if the investment satisfies the fiduciary's duties to the Plan including, but not limited to, the requirement of investment prudence and diversification and delegation of control.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and certain persons (referred to as "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of Section 4975 of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and/or other penalties and liabilities under ERISA and the Code. 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 the Code.

Any Plan fiduciary which proposes to cause a Plan to purchase the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code or any Similar Law (as defined below) to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

Non-U.S. plans, governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to non-U.S., state, local or other federal laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code ("**Similar Law**") (collectively, "**Similar Law Plans**"). Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, and the availability, if necessary, of any exemptive relief under any such law or regulations.

Each Plan should consider the fact that none of the Issuer, the Trustee, the Security Agent, the Paying Agent, the Calculation Agent, the Registrar, the Transfer Agent or the Initial Purchasers or any of their respective affiliates (the "**Transaction Parties**") is acting, or will act, as a fiduciary to any Plan with respect to the decision to purchase or hold the Notes. 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 the decision to purchase or hold 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 Plan purchaser on an arm's length basis.

Prohibited Transaction Exemptions

The fiduciary of a Plan that proposes to purchase and hold any Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. The acquisition and/or holding of Notes by a Plan with respect to which a Transaction Party is considered a party in interest or 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. In this regard, certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of Notes by a Plan, depending on the type and circumstances of the fiduciary making the decision to acquire such Notes and the relationship of the party in interest or disqualified person to the Plan. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the Notes on behalf of a Plan, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code or certain prohibited transaction class exemptions issued by the United States Department of Labor, including Prohibited Transaction Class Exemption ("**PTCE**") 84-14 (relating to transactions effected by an independent "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the "**Class Exemptions**") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Representation

Accordingly, by acceptance of a Note, each purchaser and subsequent transferee of a Note will be deemed to have represented and warranted that (A) either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the Notes constitutes assets of any Plan or Similar Law Plan, or (ii)(x) the acquisition and holding of the Notes by such purchaser or transferee will not constitute or result in a non-exempt prohibited transaction under ERISA and the Code or similar violation under any applicable Similar Law, and (y) none of the Transaction Parties is acting, or will act, as a fiduciary to any Plan with respect to the decision to purchase or hold the Notes or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to purchase or hold the Notes, and (B) it will not sell or otherwise transfer such Notes or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its purchase and holding of such Note or any interest therein.

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 each Plan fiduciary (and each fiduciary for a Similar Law Plan) consult with its legal advisor concerning the potential consequences to the plan under ERISA, the Code or such Similar Laws of an investment in 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.

PLAN OF DISTRIBUTION

The Issuer will agree to sell to the Initial Purchasers, and the Initial Purchasers will agree to purchase from the Issuer, severally and not jointly, the entire principal amount of the Notes. Each of the sales will be made pursuant to a purchase agreement among the Issuer, and the Initial Purchasers to be dated the date of the final offering memorandum (the "**Purchase Agreement**"). The Purchase Agreement will provide that the Initial Purchasers will purchase all the Notes if they purchase any of them.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of this Offering Memorandum. After the initial offering of the Notes, 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 the Notes through certain of their respective affiliates, including in respect of sales into the United States. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Purchase Agreement will provide 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 and our counsel.

The Purchase Agreement will provide that we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any debt securities of, or guaranteed by, the Issuer and its subsidiaries that are substantially similar to the Notes during the period from the date of the Purchase Agreement until the date falling 45 days after the date of the final offering memorandum without the prior written consent of the Initial Purchasers.

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A and to non-U.S. persons in offshore transactions in reliance on Regulation S. Until 40 days after the later of (i) the commencement of this Offering and (ii) the Issue Date, an offer or sale of the Notes initially sold in reliance on Regulation S within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A. Intesa Sanpaolo S.p.A. is not a U.S. registered broker-dealer and it will not effect any offers or sales of any Notes in the United States unless such sale is through one or more U.S. registered broker-dealers. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Important Information*" and "*Transfer Restrictions*."

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or any Guarantor; and

- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

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 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) Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

The Notes are not to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (as amended or superseded, 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. No key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling any in scope instrument or otherwise making such instruments available to retail investors in the EEA has been prepared. Offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful.

No action has been taken in any jurisdiction, including the United States, Italy and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes. See "*Notice to Prospective U.S. Investors*" and "*Notice to Certain European Investors*."

The Issuer has also agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. The Issuer will apply to list the Notes on the Official List of the Luxembourg Stock Exchange and trade the Notes on the Euro MTF Market and to list the Notes on the Vienna Stock Exchange. However, the Issuer cannot assure you that any such listing will be obtained or, if obtained, maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market making activity will be subject to the limits imposed by the 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 any Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Related to the Notes, the Note Guarantees and the Collateral—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited*."

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T + 5"). Under Rule 15c6-1 of the 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 this Offering Memorandum or the following two 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.

In connection with the offering of the Notes, the Stabilization Manager, or person(s) acting on behalf of the Stabilization Manager, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilization Manager may bid for and purchase Notes in the open markets for the purpose of pegging, fixing or maintaining the price of the Notes. The Stabilization Manager may also over-allot the offering of the Notes creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilization Manager may bid for and purchase relevant Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the market price of the Notes above market levels that may otherwise prevail. The Stabilization Manager is not required to engage in these activities, and the Stabilization Manager may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See *"Risk factors—Risks Related to the Notes, the Note Guarantees and the Collateral—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited*."

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 of the Notes is made and, if commenced, may cease at any time at the sole discretion of the Initial Purchasers. If these activities are commenced, they must end no later than the earlier of 30 days after the Issue Date 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.

The Initial Purchasers and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to us and our affiliates in the ordinary course of business, for which they have received or may receive customary fees and commissions. In connection with the Acquisition, certain of the Initial Purchasers or their affiliates acted as advisors to Permira and the sellers named in the Acquisition Agreement. The Initial Purchasers and their respective affiliates are arrangers and lenders under the Revolving Credit Facility Agreement and the Bridge Facility Agreement. The Issuer will use the proceeds from the Offering, together with cash on balance sheet, to repay the Bridge Facility, which we refer to as the "Refinancing," and pay certain fees and expenses in connection with the Offering and the Refinancing. The Initial Purchasers or their respective affiliates may also receive allocations of the Notes. Furthermore, such entities may act as counterparties in the hedging arrangements we or our affiliates expect to enter into in connection with the Transactions and will receive customary fees for their services in such capacities.

In the ordinary course of their business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and instruments of ours or our affiliates. If the Initial Purchasers or any of their respective affiliates have a lending relationship with us or our affiliates, they may routinely hedge their credit exposure to us or our affiliates in a manner consistent with their customary risk management policies. Typically, the Initial Purchasers and their respective 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 our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and short positions in such securities and instruments.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes are subject to restrictions on transfer as summarized below. By purchasing Notes, you will be deemed to have made the following acknowledgements, representations to and agreements with the relevant Issuer and the Initial Purchasers:

(1) You understand and acknowledge that:

(a) the Notes have not been registered under the U.S. Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the U.S. Securities Act or any other securities laws; and

(b) unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraphs 5 and 6 below.

(2) You acknowledge that this Offering Memorandum relates to an offering that is exempt from registration under the U.S. Securities Act or any other applicable securities laws and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.

(3) You represent that you are not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the relevant Issuer, that you are not acting on our behalf and that either:

(a) you are a "qualified institutional buyer" (as defined in Rule 144A under the U.S. Securities Act) and are purchasing Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the Initial Purchasers are selling the Notes to you in reliance on Rule 144A; or

(b) you are not a "U.S. person" (as defined in Regulation S under the U.S. Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing Notes in an offshore transaction in accordance with Regulation S.

(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 the relevant Issuer or the offering of the Notes, other than the information contained in this Offering Memorandum. Accordingly, you acknowledge that no representation or warranty is made by the Initial Purchasers or any person representing the Initial Purchasers as to the accuracy or completeness of such materials. You represent that you are relying only on this Offering Memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning the Group and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from the Group and the Initial Purchasers.

(5) You represent that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only:

(a) to the relevant Issuer or any subsidiaries thereof;

(b) under a registration statement that has been declared effective under the U.S. Securities Act;

(c) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(d) through offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the U.S. Securities Act; and

(e) under any other available exemption from the registration requirements of the U.S. Securities Act,

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and to compliance with any applicable state securities laws and any applicable local laws and regulations.

You also acknowledge that to the extent that you hold the Notes through an interest in a global note, the Resale Restriction Period (as defined below) may continue until one year after the issuer, or any affiliate of the issuer, was the owner of such note or an interest in such global note, and so may continue indefinitely.

(6) You also acknowledge that:

(a) the above restrictions on resale will apply from the closing date until the date that is one year (in the case of Rule 144A Notes) after the later of the closing date, the closing date of the issuance of any additional Notes and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes or 40 days (in the case of Regulation S Notes) after the later of the closing date and when the Notes or any predecessor of the Notes are first offered to persons other than distributors (as defined in Rule 902 of Regulation S) in reliance on Regulation S (the "**Resale Restriction Period**"), and will not apply after the applicable Resale Restriction Period ends;

(b) if a holder of Notes proposes to resell or transfer Notes under clause (e) above before the applicable Resale Restriction Period ends, the seller must deliver to the relevant Issuer and the Transfer Agent a letter from the purchaser in the form set forth in the Indenture which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the Notes not for distribution in violation of the U.S. Securities Act;

(c) the Issuer, the Registrar and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses (4)(d) and (e) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer, the Registrar and the Trustee; and

(d) each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE THAT IS IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S, ONLY (A) TO THE ISSUER, ANY GUARANTORS OR ANY SUBSIDIARY THEREOF, (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 ("**RULE 144A**"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON- U.S. PERSONS 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 TRANSFER AGENT'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, (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 TRANSFER AGENT AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN THE CASE OF REGULATION S NOTES: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT.

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE AND HOLD THIS SECURITY OR INTEREST THEREIN CONSTITUTES ASSETS OF ANY "EMPLOYEE BENEFIT PLAN" SUBJECT TO TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("**ERISA**"), ANY PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE UNITED STATES INTERNAL REVENUES CODE OF 1986, AS AMENDED (THE "**CODE**"), AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF SUCH PLANS, ACCOUNTS OR ARRANGEMENTS OR A GOVERNMENTAL PLAN, NON-U.S. PLAN OR OTHER PLAN NOT SUBJECT TO THE FOREGOING, THAT IS SUBJECT TO PROVISIONS UNDER ANY FEDERAL, STATE, LOCAL, NON U.S. LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (COLLECTIVELY, "**SIMILAR LAWS**") (EACH SUCH PLAN, ACCOUNT OR ARRANGEMENT, A "**PLAN**") OR (2) THE ACQUISITION, HOLDING AND DISPOSITIONS OF THIS SECURITY OR INTEREST THEREIN WILL NOT CONSTITUTE OR RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS, AND NONE OF THE ISSUER, THE TRUSTEE, THE SECURITY AGENT, THE PAYING AGENT, THE CALCULATION AGENT, THE REGISTRAR, THE TRANSFER AGENT, THE INITIAL PURCHASERS OR ANY GUARANTORS OR ANY OF THEIR RESPECTIVE AFFILIATES IS ACTING AS A FIDUCIARY TO ANY PLAN WITH RESPECT TO THE DECISION TO PURCHASE OR HOLD THIS SECURITY OR IS UNDERTAKING TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR GIVE ADVICE IN A FIDUCIARY CAPACITY WITH RESPECT TO THE DECISION TO PURCHASE OR HOLD THIS SECURITY.

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 agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(8) You represent and warrant that either (i) no portion of the assets used by you to acquire and hold such Notes or interest therein constitutes assets of any "employee benefit plan" subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended, ("**ERISA**"), any plan, individual retirement account or other arrangement subject to Section 4975 of the United States Internal Revenues Code of 1986, as amended (the "**Code**"), an entity whose underlying assets are considered to include "plan assets" of such plans, accounts or arrangements or a governmental plan, non-U.S. plan or other plan not subject to the foregoing but that is subject to provisions under any federal, state, local, non U.S. laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "**Similar Laws**") or (ii) the acquisition, holding and dispositions of the Notes or interest therein will not constitute or result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws, and none of the Issuer, the

Trustee, the Security Agent, the Paying Agent, the Calculation Agent, the Registrar, the Transfer Agent, or the Initial Purchasers or any of their affiliates is acting as a fiduciary to any Plan with respect to the decision to purchase or hold the Notes or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to purchase or hold the Notes or any interest therein.

(9) You acknowledge until 40 days following the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the U.S. Securities Act.

(10) You acknowledge that the Trustee will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to the relevant Issuer and the Trustee that the restrictions set forth therein have been complied with.

(11) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes are no longer accurate, you will promptly notify the relevant Issuer and the Initial Purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

(12) You represent that you are not a "retail investor" in the EEA. For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following:

(a) a "retail client" as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

(13) You represent that you are not a "retail investor" in the United Kingdom. For purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

(14) You understand and acknowledge that:

(a) the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any "retail investor" in the EEA (as defined in paragraph 12 above) or any "retail investor" in the United Kingdom (as defined in paragraph 13 above);

(b) no key information document required by PRIIPs Regulation in the EEA or for offering or selling the Notes or otherwise making them available to retail investors in the EEA (as defined in paragraph 12 above) has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation; and

(c) no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**U.K. PRIIPs Regulation**") in the U.K. or for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom (as defined in paragraph 13 above) has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the U.K. may be unlawful under the U.K. PRIIPs Regulation.

(15) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or any of the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution.*"

LEGAL MATTERS

Certain legal matters relating to the validity of the Notes and certain other legal matters are being passed upon for us by Latham & Watkins (London) LLP, with respect to matters of U.S. federal, New York state law and the laws of England and Wales, Latham & Watkins LLP, with respect to matters of Italian law, and by Maisto e Associati, with respect to matters of Italian tax law. Certain legal matters relating to the Offering will be passed upon for the Initial Purchasers by Cravath, Swaine & Moore LLP, with respect to matters of U.S. federal and New York state law, and by Linklaters LLP, with respect to matters of the laws of England and Wales, and by Studio Legale Associato in association with Linklaters LLP, with respect to matters of Italian law.

INDEPENDENT AUDITORS

The Audited Consolidated Financial Statements of Golden Goose S.p.A. as of and for the years ended December 31, 2018 and 2019 and for the six months ended June 30, 2020 and December 31, 2020 contained herein have been audited by EY S.p.A., independent auditors, as set forth in their reports appearing herein.

EY S.p.A.'s registered office is Via Lombardia 31, Rome, Italy, and it is registered under No. 70954 in the Register of Accountancy Auditors (*Registro dei Revisori Legali*) held by the Italian Ministry of Economy and Finance in compliance with the provision of Legislative Decree No. 39, January 27, 2010.

AVAILABLE INFORMATION

Each purchaser of Notes from an Initial Purchaser will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchaser or any person affiliated with the Initial Purchaser in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either us or the Initial Purchaser.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are not subject to Section 13 or 15(d) under the U.S. Exchange Act, nor exempt from reporting thereunder pursuant to Rule 12g3-2(b), make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner. Any such request should be directed to the Issuer at Via Privata Ercole Marelli, no. 10, 20139, Milan, Italy.

We are currently not subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture, we will agree to furnish periodic information to the holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*." Copies of the Indenture (which include the forms of the Notes) and the Intercreditor Agreement may also be obtained by request to the Issuer.

So long as the Notes are admitted to trading on the Euro MTF Market and to listing on the Official List of the Luxembourg Stock Exchange, and the rules and regulations of such stock exchange so require, copies of such information will also be available for review during the normal business hours on any business day at the registered office of the Issuer.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is incorporated under the laws of Italy. The documents relating to the Collateral will be governed by the laws of Italy and any jurisdiction where the Collateral is located. The Indenture and the Notes will be governed by New York law. The Intercreditor Agreement will be governed by the laws of England and Wales. The majority of the directors and executive officers of the Issuer are non-residents of the United States. The majority of the Issuer's directors, officers and other executives are expected to be neither residents nor citizens of the United States. Furthermore, the majority of the Issuer's assets are located outside the United States. As a result, any judgment obtained in the United States against the Issuer or any such other non-U.S. resident person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, it may not be possible for investors to effect service of process within the United States upon such persons or the Issuer or to enforce against them or the Issuer judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indentures, the Issuer has appointed, or will appoint, an agent for the service of process in New York. It may be possible for investors to effect service of process within other jurisdictions (including Italy) upon those persons or the Issuer or over the Issuer's respective subsidiaries provided that, for example, The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

If a judgment is obtained in a U.S. court against the Issuer, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the country in which the Issuer is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

Italy

Recognition and enforcement in Italy of final, enforceable and conclusive 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 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.

CERTAIN LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE COLLATERAL AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The validity and enforceability of the Collateral will be subject to certain limitations on enforcement and may be limited under applicable law or subject to certain defenses that may limit its validity and enforceability. The following is a brief description of limitations on the validity and enforceability of the Collateral and of certain insolvency law considerations in the jurisdictions in which Collateral is being provided. The descriptions below do not purport to be complete or discuss all of the limitations or considerations that may affect the Notes or other security interests. Proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future Guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and the security interest in the Collateral. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations. Please see "Risk Factors—Risks Related to Our Structure," "Risk Factors—Risks Related to the Notes and the Collateral" and "Risk Factors—Risks Related to Our Financial Profile." If additional collateral is required to be granted in the future pursuant to the Indenture, such collateral will also be subject to limitations and enforceability and validity, which may differ from those discussed below.

European Union

The Issuer is incorporated under the laws of Italy, which is a member state of the European Union (an "**EU Member State**").

Pursuant to Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (recast), as amended (the "**Recast Insolvency Regulation**"), which applies within the European Union, other than Denmark, the court which shall have jurisdiction to open the main insolvency proceedings in relation to a company (subject to certain exceptions) is the court of the EU Member State (other than Denmark) in which the relevant company's centre of main interests ("**COMI**") (as that term is used in Article 3(1) of the Recast Insolvency Regulation) is situated.

COMI is not a static concept and may change from time to time, but is determined for the purposes of decided which court has competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition: moreover, the determination of where a debtor has its COMI is a question of fact on which the courts of the different EU Member States may have differing and even conflicting views. Article 3(1), second sentence, of the Recast Insolvency Regulation states that a company's COMI "shall be the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties." Under Article 3(1) of the Recast Insolvency Regulation there is, in most cases, a rebuttable presumption that a corporate debtor has its centre of main interests in the EU Member State in which it has its registered office in the absence of proof to the contrary. The presumption only applies if the registered office has not been moved to another EU Member State within the three-month period prior to the request for the opening of insolvency proceedings. Recital 30 of the Recast Insolvency Regulation contains a number of examples of where a presumption as to COMI may be rebutted: for instance, where the company's central administration is located in an EU Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other EU Member State. In that respect, the factors that courts may take into consideration when determining the centre of main interests of a debtor can include where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established.

If the centre of main interests of a debtor, at the time an insolvency application is made, is located in an EU Member State (other than Denmark), only the courts of that EU Member State have jurisdiction to open the main insolvency proceedings in respect of the debtor under the Recast Insolvency Regulation and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the Recast Insolvency Regulation. Insolvency proceedings commenced in one EU Member State under the Recast Insolvency Regulation are to be recognized in the other EU Member State (other than Denmark), although secondary insolvency proceedings or territorial insolvency proceedings may be commenced in another EU Member State (other than Denmark).

If the centre of main interests of a debtor, at the time an insolvency application is made, is in an EU Member State (other than Denmark), under Article 3(2) of the Recast Insolvency Regulation, the courts of another EU Member State (other than Denmark) have jurisdiction to commence secondary insolvency proceedings or territorial insolvency proceedings against that debtor only if such debtor has an "establishment" (as defined in Article 2(10) of the Recast Insolvency Regulation) in the territory of such other EU Member State. Secondary proceedings may be any insolvency proceeding listed in Annex A of the Recast Insolvency Regulation and, for the avoidance of doubt, are not limited to winding-up proceedings. Territorial proceedings are, in effect, secondary proceedings that are commenced prior to the opening of main insolvency proceedings. An "establishment" is defined to mean "any place of operations where a debtor carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets." Accordingly, the opening of secondary insolvency proceedings or territorial insolvency proceedings in another EU Member State (other than Denmark) will also be possible if the debtor had an establishment in such EU Member State in the three-month period prior to the request for opening of main insolvency proceedings.

The effects of those secondary insolvency proceedings or territorial insolvency proceedings opened in that other EU Member State are restricted to the assets of the debtor situated in the territory of such other EU Member State. Where main proceedings in the EU Member State in which the debtor has its centre of main interests have not yet been commenced, territorial insolvency proceedings may only be commenced in another EU Member State (other than Denmark) where the debtor has an establishment where either (i) insolvency proceedings cannot be commenced in the EU Member State in which the debtor's centre of main interests is situated under the conditions laid down by that EU Member State's law; or (ii) the opening of territorial insolvency proceedings is requested by (a) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the EU Member State where the opening of territorial proceedings is requested, or (b) a public authority which, under the law of the EU Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings. When main insolvency proceedings are opened, territorial insolvency proceedings usually become secondary insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary or territorial insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor.

The courts of all EU Member States (other than Denmark) must recognize the judgment of the court commencing main proceedings, which will be given the same effect in the other EU Member States so long as no secondary insolvency proceedings or territorial insolvency proceedings have been commenced there. The insolvency practitioner appointed by a court in the EU Member State which has jurisdiction to commence main proceedings may exercise the powers conferred on it by the laws of that Member State in another EU Member State (other than Denmark) (such as to remove assets of the debtor from that other EU Member State). These powers are subject to certain limitations (e.g., the powers are available provided that no insolvency proceedings have been commenced in that other EU Member State nor any preservation measure to the contrary has been taken there further to a request to commence secondary proceedings in that other EU Member State where the debtor has assets).

In addition, the concept of "group coordination proceedings" has been introduced in the Recast Insolvency Regulation with the aim of bolstering communication and efficiency in the insolvency of several members of a group of companies. Under Article 61 of the Recast Insolvency Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Participation in group coordination proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan however is voluntary.

In the event that the Issuer experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuer.

Italy

Limitations on Granting Security Interests and Guarantees under Italian Law

Under Italian law, the entry into a transaction (including the creation of a security interest or the granting of a guarantee) by a company incorporated under Italian law must be permitted by the applicable laws and by its by-laws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other Italian mandatory provisions. If a security interest or a guarantee is being provided in the context of an acquisition, group reorganization, refinancing or restructuring, financial assistance issues may also be triggered.

Corporate Benefit

An Italian company entering into a transaction (including granting a guarantee or a security interest) must receive a real and adequate benefit in exchange for the guarantee or the security interest being provided by such company. The concept of real and adequate benefit is not defined in the applicable legislation, is assessed and determined by a factual analysis on a case by case basis and its existence is a business decision of the directors and the statutory auditors, if any. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration. While corporate benefit for downstream guarantee or security (*i.e.*, a guarantee guaranteeing or a security interest granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of up-stream or cross stream security or guarantee (*i.e.*, security or guarantee granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest or guarantee and may be challenged unless it can be proved that the grantor may derive adequate benefits or advantages from the granting of such guarantee or security. In particular, in case of an up-stream and cross-stream guarantee or security for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group, while transactions featuring debt financings of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest. Generally, the risk assumed by an Italian grantor of security or guarantor under a guarantee must not be disproportionate to the direct or indirect economic benefit to it.

As a general rule, absence of a real and adequate benefit could render the transaction (including granting a security interest or a guarantee entered into) by an Italian company *ultra vires* and potentially affected by a conflict of interest and the related corporate resolutions adopted by the shareholders and directors may be the subject matter of challenges and annulment. Civil liabilities may be imposed on the directors of an Italian grantor if a court holds that it did not act in the best interest of the grantor and that the acts carried out do not fall within the corporate purpose of the company or were against mandatory provisions of Italian law. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the transaction (including the security interest or guarantee granted by an Italian company) could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the Italian company.

The above principles on corporate benefit apply equally to up-stream, cross-stream and down-stream guarantees or security interests granted by Italian companies.

Upon certain conditions, the granting of guarantees may be considered as a restricted financial activity within the meaning of Article 106 of Italian Legislative Decree No. 385 of September 1, 1993 (the "**Italian Banking Act**"), whose exercise is exclusively demanded to banks and authorized financial intermediaries. Non-compliance with the provisions of the Italian Banking Act may, among others, entail the relevant guarantees being considered null and void. In this respect, Italian Legislative Decree No. 53 of April 2, 2015, implementing Article 106, paragraph 3, of the Italian Banking Act, states that the issuance of guarantees or the granting of security by a company for the obligations of another company which is part of the same group does not qualify as a restricted financial activity, whereby "group" includes controlling and controlled companies within the meaning of Article 2359 of the Italian Civil Code as well as companies which are under the control of the same entity. As a result of the above described rules, subject to the relevant guarantors and the guaranteed entity being part of the same group of companies, the provision of the guarantees would not amount to a restricted financial activity.

Financial Assistance

In addition, the granting of a security or a guarantee by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotas or those of its direct or indirect parent company would also be a violation of financial assistance provisions. Any loan, guarantee or security given or granted in breach of these provisions is null and void. In addition, directors may be personally liable for failure to act in the best interests of the company.

Article 1938 of the Italian Civil Code

Pursuant to Article 1938 of the Italian Civil Code, if a guarantee granted by an Italian guarantor is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture).

Limitations to the Note Guarantees and Collateral

In order to comply with the above corporate law requirements on corporate benefit and financial assistance, the maximum amount that any Guarantor incorporated under the laws of Italy (if any) (the "**Italian Guarantor**") may be required to pay in respect of its obligations as Guarantor under the relevant Note Guarantee will be subject to limitations. By virtue of these limitations, the obligations of a Guarantor incorporated under the laws of Italy under its Note Guarantee may be significantly less than amounts payable with respect to the Notes, or such Italian Guarantor may have effectively no obligation under its Note Guarantee.

Trust

The Collateral will be created and perfected in favor of the Security Agent acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of the holders of the notes or in favor of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

In addition, as the holders of the Notes are not direct parties to the Indenture, there is the risk that the appointment of the Security Agent in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the security documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of paragraph 3 of Article 2414-*bis*, paragraph 3, of the Italian Civil Code are new and, as such, untested by Italian Courts and, therefore, even if the appointment of the *rappresentante* is upheld by an Italian Court, it cannot be excluded that an Italian Court may take a different view and interpretation and determine that, where the Collateral is granted in favor of the *rappresentante*, the holders of the Notes at the time of enforcement are not secured by the Collateral and/or cannot enforce that Collateral.

Furthermore, to date, the Italian courts have not considered whether a common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code may be validly appointed by means of a contractual arrangement (such as the Indenture) and the validity and enforceability of such appointment may not be upheld by a court.

Moreover, it is uncertain and untested in the Italian courts whether, under Italian law, a security interest can be created and perfected: (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant security documents or are not specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of a "trustee," since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of a "trustee" as trustee under security interests granted over Italian assets is uncertain under Italian law.

Certain additional Considerations in Relation to Granting Security Interests and Guarantees

Italian corporate law (Articles 2497-*quinquies* and 2467 of the Italian Civil Code) provides for rules to protect creditors against "undercapitalized companies" and provides for remedies in respect thereof. In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower, if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("**undercapitalization**"). Any payment made by the borrower with respect to any such loan within one year prior to a bankruptcy declaration would be required to be returned to the borrower. The above rules apply to shareholders' loans "made in any form" and scholars generally conclude that such provisions should be interpreted broadly and apply to any form of financial support provided to a company by its shareholders, either directly or indirectly.

As of the date hereof, there are several court precedents interpreting the provisions summarized above. Some of such precedents have held that article 2467 of the Italian Civil Code also applies to companies incorporated as *società per azioni*, hence potentially to the borrowers under the intercompany loans that are a *società per azioni*.

Therefore, upon the occurrence of the requirements provided for by the relevant provisions, Italian courts may apply such provisions of the Italian Civil Code to the Issuer's relationship with Italian subsidiaries under the relevant intercompany loans. Accordingly, an Italian court may conclude that the obligations of any Italian subsidiary under any intercompany loan are subordinated to all its obligations towards other creditors. Should any of the obligations of any subsidiary under any intercompany loan or note be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, the Issuer may not be able to recover any amounts under any intercompany loan or note granted to the Italian subsidiaries, which could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes.

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans or notes is subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or notes or any guarantees and/or security interests granted by such Italian subsidiaries may be impaired or restricted.

Certain Limitations on Enforcement

The enforcement of security interests by creditors in Italy can be complex and time consuming, especially in a liquidation scenario, given that Italian courts maintain a significant role in the enforcement process in comparison to other jurisdictions with which the holders of the Notes may be familiar. The two primary goals of the Italian law are first, to maintain employment, and second, to liquidate the debtor's assets for the satisfaction of creditors. These competing goals often have been balanced by the sale of businesses as going concerns and by ensuring that employees are transferred along with the businesses being sold.

Under Italian law, in the event that an entity becomes subject to insolvency proceedings, guarantees and security interests given by it or by way of a trust or parallel debt obligation could be subject to potential challenges by the appointed bankruptcy receiver or by other creditors under the rules of ineffectiveness or avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the "suspect period"). For a more detailed explanation of the terms, conditions and consequences of clawback actions in an insolvency scenario. See "*—Certain Italian Insolvency Laws Considerations—Bankruptcy proceedings (fallimento)*" below. If challenged successfully, the guarantee or the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest or guarantee is voided, holders of the Notes could lose the benefit of the security interest or guarantee and may not be able to recover any amounts under the related security documents.

Furthermore, in the event that the limitations on the guarantee issued by an Italian guarantor apply and/or there are payment obligations under any Notes other than in respect of principal or interest, the noteholders could have a reduced claim against the relevant guarantor.

According to Italian law, the enforcement of any claims, obligations, security interest and rights in general may be subject to, *inter alia*, the following aspects:

- the enforcement of obligations may be limited by the insolvency proceedings listed below relating to or affecting the rights of creditors;

- an Italian court will not necessarily grant any specific enforcement or precautionary measures, the availability of which is subject to the discretion of the Court;

- with respect to contracts providing for mutual obligations (*contratti a prestazioni corrispettive*), each party can refuse to perform its obligation if the other party does not perform or does not offer to perform its own obligation thereunder, in accordance with and subject to the provisions of Article 1460 of the Italian Civil Code;

- claims arising under Italian law governed documents may become barred under the provision of Italian law concerning prescriptions and limitations by the lapse of time (*prescrizioni e decadenze*) or may be or become subject to a claim of set-off (*compensazione*) or to counterclaim;

- pursuant to Article 1241 of the Italian Civil Code concerning set-off of reciprocal obligations (*compensazione*), persons who have reciprocal debt obligations may set-off such obligations for the correspondent amount when both such debt obligations have as an object a pecuniary obligation or fungible assets of the same kind and are equally liquid and payable;

- where any party to any agreement or instrument is vested with discretion or may determine a matter in its opinion, Italian law may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds;

- the enforceability in Italy of obligations or contractual provisions governed by a foreign law may be limited by the application of Italian overriding mandatory provisions (*norme di applicazione necessaria*) and by the fact that the relevant provisions of foreign laws may be deemed contrary to Italian public policy principles and there is no case law setting out specific criteria for the application of such legal concepts under Italian law;

- there is some possibility that an Italian court could hold that a judgment on a particular agreement or instrument, whether given in an Italian court or elsewhere, would supersede such agreement or instrument to all intents and purposes, so that any obligation thereunder which by its terms would survive such judgment might not be held to do so;

- enforcement of obligations may be invalidated by reason of fraud or abuse of the law (*abuso del diritto*);

- the enforceability of an obligation pursuant to the terms set forth in any agreement or instrument may be subject to the interpretation of an Italian court which may carry out such interpretation pursuant to the provisions of Articles 1362 and following of the Italian Civil Code;

- any question as to whether or not any provision of any agreement or instrument which is illegal, invalid, not binding, unenforceable or void may be severed from the other provisions thereof in order to save those other provisions would be determined by an Italian court on the basis of the interpretation of intention of the parties, taking also into account the conduct of the parties following the execution of such agreement or instrument (Article 1419 of the Italian Civil Code);

- an Italian company, either directly or indirectly, cannot grant loans or provide security interest for the purchase or subscription of its own shares unless the strict requirements provided for the Italian Civil Code are satisfied;

- an Italian company must have a specific corporate interest in guaranteeing or securing financial obligations of its parent company or any other companies, whether related or unrelated, such interest being determined by the relevant company on a case-by-case basis;

- in case of bankruptcy, a receiver in bankruptcy is appointed by the court to administer the proceeding under the supervision of the bankruptcy court and creditors' committee and creditors cannot start or continue individual foreclosure actions (including the enforcement of security interests) against the debtor (automatic stay). Furthermore, the sale of the relevant pledged assets is carried out by such receiver unless the pledgee is expressly authorized by the bankruptcy court;

- the preemption rights (*prelazione*) granted by a pledge extend to interest accrued in the year in which the date of the relevant seizure/attachment or adjudication in bankruptcy falls (or, in the absence of seizure/attachment, at the date of the notification of the payment demand (*precetto*) and extend, moreover, to interest accrued and to accrue thereafter, but only to the extent of legal interest and until the date of the forced sale occurred in the context of the relevant foreclosure proceeding/bankruptcy proceedings;

- in order to oppose an assignment to any third party, it will be necessary to notify such assignment to the relevant debtor or make such debtor to accept it by an instrument bearing an undisputable date (*data certa*); the priority of such assignment will be determined accordingly. One way of ensuring that a document has an indisputable date is that of ensuring that the execution of the relevant document by one of the parties to it is witnessed by a notary who states the date of witnessing on the document;

- there could be circumstances in which Italian law would not give effect to provisions concerning advance waivers or forfeitures;

- the effectiveness of terms exculpating a party from liability or duties otherwise owed is prevented by Italian law in the event of gross negligence (*colpa grave*), willful misconduct (*dolo*) or the violation of mandatory provisions;

- penalties and liquidated damages (*penali*) may be equitably reduced by a court;

- any obligation of an Italian company and/or any obligation secured or guaranteed by an Italian company, which is in violation of certain Italian mandatory or public policy rules (including, *inter alia*, any obligation to pay: (i) any portion of interest exceeding the thresholds of the interest rate permitted under the Italian Usury Law, as amended from time to time and related implementing rules and regulations; and (ii) any portion of interest deriving from any compounding of interest which does not comply with Italian law, including Article 1283 of the Italian Civil Code, according to which, accrued and unpaid interest can be capitalized only after legal proceedings to recover the debt were started or in the event the interest were unpaid and capitalized for not less than six months based on an agreement executed after the relevant maturity date and

Article 120 of the Italian Legislative Decree no. 385/1993 (i.e., the Italian Banking Act)) may not be enforceable;

- if a party to an agreement is aware of the invalidity of that agreement and does not inform the other parties to that agreement of such invalidity, it is liable for the damages suffered by such other parties as a consequence of having relied upon the validity of the agreement;

- Italian courts do not necessarily give full effect to an indemnity for the costs of enforcement or litigation;

- a security interest does not prevent creditors of the relevant debtor other than the pledge from continuing enforcement or enforcement proceedings on the assets secured by the relevant pledge; and

- in case of bankruptcy of the grantor of the pledge over quotas or shares, the assets secured by the pledge could be freely sold to any third party in the context of the relevant bankruptcy proceeding and, as a consequence, the proceeds would be set aside for the prior satisfaction of the pledgee but the pledge would be terminated and, therefore, the latter would lose entitlement to the voting rights on the pledged quotas/shares.

In addition, under Italian law, in certain circumstances also in the ordinary course of business, an action can be brought by any creditor of a given debtor within five years from the date in which the latter enters into a guarantee, security, agreement and any other act by which it disposes of any of its assets, in order to seek a claw-back action (*azione revocatoria ordinaria*) pursuant to Article 2901 of the Italian Civil Code (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, security, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke the said guarantee, security, agreement and other act only if it, in addition to the ascertainment of the prejudice, was to make the two following findings:

- that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit; and

- that, in the case of non-gratuitous acts, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Certain Italian Insolvency Law Considerations

The insolvency laws of Italy may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, in court procedures may be materially more complex and the enforcement of security interests by creditors in Italy can be more time-consuming than in equivalent situations in jurisdictions with which holders of the Notes may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy, which does not include special provisions applying to banks, insurance and other companies authorized to carry out certain reserved activities nor it provides a comprehensive description of insolvency laws application where publicly-owned companies are involved.

Insolvency laws and regulations have recently been substantially reviewed and significant amendments are expected in the near future. In particular, the 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 contending the scheme of a new comprehensive legal framework in order to regulate, inter alia, insolvency matters (the "**Legislative Decree**"), which enacts a new comprehensive legal framework in order to regulate, *inter alia*, insolvency matters (so called "*Code of Business Crisis and Insolvency*," hereinafter the "**Insolvency Code**"). The Legislative Decree was published in the *Gazzetta Ufficiale* on February 14, 2019 no. 38—*Suppl. Ordinario* no. 6. The main innovations introduced by the Insolvency Code include: (i) the elimination of the term "bankrupt" (*fallito*) due to its negative connotation and the replacement of bankruptcy proceedings (*fallimento*) with a judicial liquidation (*liquidazione giudiziale*); (ii) a new definition of "state of crisis"; (iii) the adoption of the same procedural framework in order to ascertain such state of crisis and to access the different judicial insolvency proceedings provided for by the same Insolvency Code; (iv) a new set of rules concerning group restructurings; (v) restrictions to the use of the pre-bankruptcy composition with creditors (*concordato preventivo*) in order to favor going concern proceedings; (vi) a new preventive alert and mediation phase to avoid insolvency; (vii) jurisdiction of specialized courts over proceedings involving large debtors; (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, the 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 April 8, 2020 entry into force of the Insolvency Code has ("**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.

Certain provisions of Italian law have been amended or have entered into force only recently and, therefore, may be subject to further implementation and/or interpretations and have not been tested to date in the Italian courts. In this respect, the most recent reforms that have been implemented by the Italian government on the main Italian bankruptcy legislation as defined below are: (i) the reform approved on June 23, 2015, through a Law Decree containing urgent reforms applicable, *inter alia*, to Italian bankruptcy law (the "**Decree**"). The Decree entered into force in June 2015 (the date of its publication in the *Gazzetta Ufficiale*) and has been converted into law by Italian Law No. 132 of August 6, 2015, entered into force on August 21, 2015 (the date after its publication in the *Gazzetta Ufficiale*) and (ii) the amendments implemented by means of the adoption of (a) the Law Decree No. 59 of May 3, 2016, converted into law by Italian Law No. 119 of June 30, 2016, and (b) Italian Law No. 232 of December 11, 2016.

The two primary aims of the Italian Bankruptcy Law are to liquidate the debtor's assets and protect the goodwill of the going concern (if any) for the satisfaction of creditors' claim as well as, in case of the "*Prodi-bis*" procedure or "*Marzano*" procedure, to maintain employment. These competing aims have often been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation, focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy (*fallimento*) must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency, as defined under Article 5 of the Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations as they come due. This must be a permanent rather than a temporary status of insolvency, in order for a court to hold that a company is insolvent.

In cases where a company is facing financial difficulties or temporary cash shortfall and, in general, financial distress, it may be possible for it to enter into out-of-court arrangements with its creditors, which may safeguard the existence of the company, but which are susceptible of being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions.

The following debt restructuring and bankruptcy tools 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 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 (a) are not subject to claw-back action; and (b) are exempted from the potential application of certain criminal sanctions. Neither ratification by the court nor publication in the Companies' Register are needed (although publication in the Companies' Register is possible upon a debtor's request and would allow to certain tax benefits), and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of an in-court pre-bankruptcy agreement or a debt restructuring agreement.

Debt restructuring agreements with creditors pursuant to Article 182-bis of the Italian Bankruptcy Law (accordi di ristrutturazione dei debiti)

The debtor may negotiate with creditors holding at least 60% of the outstanding total amount of the company's claims or debt restructuring agreements, subject to court's approval (*omologazione*). An independent expert appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare that the agreement is feasible and that it ensures that the debt of non-participating creditors can be fully satisfied within the following terms: (a) 120 days from the date of approval of the agreement by the court, in the case of debts which are due and payable to the non-participating creditors as of the date of the approval (*omologazione*) of the debt restructuring agreement by the court; and (b) 120 days from the date on which the relevant debts fall due, in case of debts which are not yet due and payable to the non-participating creditors as at the date of the approval (*omologazione*) of the debt restructuring agreement by the court. Only a debtor who is insolvent or in a situation of "financial distress" (*i.e.*, facing financial crisis which does not yet amount to insolvency) can initiate this process and request the court's approval (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and is effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any conservative or enforcement actions against the assets of the debtor in relation to pre-existing receivables and cannot obtain any security interest (unless agreed) in relation to preexisting debts. The Italian Bankruptcy Law does not expressly provide for any indications concerning the contents of the debt restructuring agreement. The plan can therefore provide, among others, either for the prosecution of the business by the debtor or by a third party, or the sale of the business to a third party, and may contain refinancing agreements, moratoria, write-offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The 60-days moratorium can also be requested by the debtor, pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law, while negotiations with creditors are pending (i.e., prior to the above-mentioned publication of the agreement), subject to the fulfillment of certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation filed by the debtor, sets the date for a hearing within 30 days of the publication and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. At such hearing, the court assesses whether the conditions for anticipating the moratorium are in place and, in such case, orders that no conservative or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which a debt restructuring agreement and the assessment by the expert must be deposited.

The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the *concordato preventivo* (as described below) may be filed, without prejudice to the effect of the moratorium. Creditors and other interested parties may oppose the agreement within 30 days from the publication of the agreement in the companies' register. After having settled the oppositions (if any) the court will validate the agreement by issuing a decree, which can be appealed within 15 days of its publication.

The Italian Decree 83/2015, as amended by Law 132/2015 modified the basis for calculation of the 60% of the outstanding debtor's debt threshold required for courts' sanctioning of debt restructuring agreements (*accordi di ristrutturazione dei debiti*), easing the requirements with respect to financial creditors.

Pursuant to the new Article 182-*septies* of the Italian Bankruptcy Law, introduced by the Decree 83/2015, as amended by Law 132/2015, 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. Similarly, a standstill agreement (*convenzione di moratoria*) entered into between a debtor and financial creditors representing 75% of that debtor's aggregate financial indebtedness would also bind the non-participating financial creditors, provided that (i) they have been informed of the ongoing negotiations and have been allowed to participate in 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 banks with modest credits from block restructuring operations involving more exposed bank creditors, resulting in the failure of the overall restructuring and the opening of a procedure. The banks and the financial intermediaries which have not agreed to the moratorium arrangement may file an objection (*opposizione*) to it within 30 days of receipt of the application.

In no case the debt restructuring agreement provided for under article 182-*septies* of the Italian Bankruptcy Law or the moratorium arrangement may impose on the non-adhering creditors, *inter alia*, the maintenance of the possibility to utilize the existing facilities or the granting 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 a scheme.

Pursuant to Article 182-*quater* of the Italian Bankruptcy Law, financing granted to the debtor pursuant to the approved debt restructuring agreement (or a court-supervised Pre-Bankruptcy Composition with Creditors) enjoy priority status in cases of subsequent bankruptcy (such status also applies to financing granted by shareholders, but only up to 80% of such financing). Financing granted "in view of" (i.e., before) presentation of a petition for a debt restructuring agreement or a court- supervised Pre-Bankruptcy Composition with Creditors may be granted such priority status provided that it is envisaged by the relevant plan or agreement and that such priority is expressly provided for by the court at the time of approval of the plan or sanctioning (*omologazione*) of the agreement or the approval of the Pre-Bankruptcy Composition with Creditors. The same provisions apply to financings granted by shareholders up to 80% of their amount.

Moreover, pursuant to the new Article 182-*quinquies* of the Italian Bankruptcy Law, the Court, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1, of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6, of the Italian Bankruptcy Law or a petition pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law (in relation to the court supervised pre-bankruptcy arrangement with creditors procedure described below) may authorize the debtor, if so expressly requested to: (i) incur in new super senior (*prededucibile*) indebtedness subject to authorization by the court; (ii) secure such indebtedness with in rem security (*garanzie reali*), or by assigning claims, provided that the expert appointed by the debtor, having verified the overall financial needs of the company until the sanctioning (*omologazione*), declares that the new financing aims at providing a better satisfaction of the rights of the creditors; and (iii) pay pre-existing debts deriving from the supply of services or goods, to the extent already payable and due, provided that the expert declares that such payment is essential for the keeping of the company's activities and to ensure the best satisfaction for all creditors. In addition, according to the provisions of the Decree 83/2015, as amended by Law 132/2015, the aforementioned authorization may be given also before the filing of the additional documentation required pursuant to Article 161, Paragraph 6 of the Italian Bankruptcy Law.

The provision of Article 182-*quinques* of the Italian Bankruptcy Law applies to both debt restructuring agreement and to the court-supervised pre-bankruptcy compositions with creditors (*concordato preventivo*) outlined below.

Furthermore, according to the Article 1 of the Decree 83/2015, as amended by Law 132/2015, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182- *bis*, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, the court may also authorize the debtor to incur in new super senior (so called *prededucibile*) indebtedness, aimed at supporting urgent financial needs related to the company's business. 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.

Court supervised pre-bankruptcy composition with creditors (concordato preventivo)

A company which is insolvent or in a situation of crisis (*i.e.*, financial distress which does not yet amount to insolvency) and that has not been declared insolvent by the court has the option to make a composition proposal to its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceedings. Such composition proposal can be made by a commercial enterprise which exceeds any of the following thresholds: (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding tax years, (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding tax years, and (iii) has total indebtedness in excess of €0.5 million. Only the debtor company can initially file a petition with the court for a *concordato preventivo* (together with, among others, a restructuring plan and an independent expert report assessing the feasibility of the composition proposal and the truthfulness of the business and accounting data provided by the company). The petition for *concordato preventivo* is then published by the debtor in the company's register. From the date of such publication to the date on which the court sanctions the *concordato preventivo*, all enforcement and interim relief actions by the creditors (whose debt became due before the sanctioning of the *concordato preventivo* by the court) are stayed. During this time, all enforcement, precautionary actions and interim measures sought by the creditors, whose title arose beforehand, are stayed. Preexisting creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the company's register are ineffective against such pre-existing creditors.

The composition proposal filed in connection with the petition may provide for: (i) the restructuring and payment of debts and the satisfaction of creditors' claims (provided that, in any case, it will ensure payment of at least 20% of the unsecured receivables, except for the case of composition with creditors with continuity of the going concern (*concordato con continuità aziendale*) pursuant to Article 186-*bis* of the Italian Bankruptcy Law, including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities); (ii) the transfer to a receiver (*assuntore*) of the operations of the debtor company making the composition proposal; (iii) the division of creditors into classes; and

(iv) different treatment of creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary petition for a *concordato preventivo* (so called *concordato in bianco*, pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law, as amended by Italian Law Decree No. 69/2013 as converted into Italian Law No. 98/2013 ("**Law Decree 69/2013**")). 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*). In advance of such deadline, the debtor may also file a petition for the approval of a debt restructuring agreement (pursuant to Article 182-*bis* of the Italian Bankruptcy Law). If the court accepts such preliminary petition, it may: (i) appoint a judicial commissioner (*commissario giudiziale*) to overview the company, who, in the event that the debtor has carried out one of the activities under Article 173 of the Italian Bankruptcy Law (e.g., concealment of part of assets, omission to report one or more claims, declaration of nonexistent liabilities or commission of other fraudulent acts), will report it to the court, which, upon further verification, may reject the petition at court for a *concordato preventivo*; and (ii) set forth reporting and information duties of the company during the abovementioned period. The statutory provisions providing for the stay of enforcement and interim relief actions by the creditors referred to in respect of the *concordato preventivo* also apply to preliminary petitions for *concordato preventivo* (so called *concordato in 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. The debtor company will file, on a monthly basis, the company's financial position, which is published, the following day, in the company's register.

Noncompliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed company into bankruptcy. If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, ex officio, after hearing the debtor and—if appointed—the judicial commissioner, reduce the time for the filing of additional documents.

Following the filing of the preliminary petition and until the decree of admission to the composition with creditors, the distressed company may: (i) carry out acts pertaining to its ordinary activity; and (ii) seek the court's authorization to carry out acts pertaining to its non-recurring activity, to the extent they are urgent.

Claims arising from acts lawfully carried out by the distressed company and new super senior indebtedness authorized by the court, 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 super-seniority 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.

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.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditors' meeting. During the implementation of the proposal, the company generally continues to be managed by its corporate bodies (usually its board of directors), but is supervised by the appointed judicial officers and judge (who will authorize all transactions that exceed the ordinary course of business). 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 132/2015 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 have did not exercise their voting right will be deemed not to approve the *concordato preventivo* proposal. In relation to voting by the holder of the Notes in the *concordato* proceeding, the interaction between (i) the provisions set forth under the Indenture with respect to meetings of holders of the Notes, the applicable majorities and the rights of each holder of the Notes to vote in the relevant meeting and (ii) applicable Italian law provisions relating to quorum and majorities in meetings of holders of notes issued by Italian companies is untested in the Italian courts. Secured creditors are not entitled to vote on the proposal of *concordato preventivo* unless and to the extent they waive their security, or the *concordato preventivo* provides that they will not receive full satisfaction of 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 20% of the creditors or, in case there are different classes of creditors, by a creditor belonging to a dissenting class, entitled to vote, the court may nevertheless sanction the *concordato preventivo* if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the *concordato preventivo* than would otherwise be the case.

The Decree 83/2015, as amended by Law 132/2015, introduced the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative plan to the debtor's plan in a pre-bankruptcy agreement proceedings (*concordato preventivo*) subject to certain conditions being met, including, in particular, that the proposal of the debtor do not ensure recovery of at least (i) 40% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy 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 addition, in order to strengthen the position of the unsecured creditors, Law 132/2015 sets forth that a pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*) (i.e., a pre-bankruptcy agreement proposal aiming at transferring all the assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims.

This provision does not apply to pre-bankruptcy agreement 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 132/2015, provides that, if a plan in pre-bankruptcy composition with creditors (*concordato preventivo*), pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, includes an offer for the sale of the debtor's assets or of a going concern of the debtor to an identified third party, the judicial commissioner may request to the court the opening a competitive bidding process to the extent that it would be in the best interest of the creditors. After the approval by the creditors' meeting, the court (having settled possible objections raised by the dissenting creditors, if any) confirms the *concordato preventivo* proposal by issuing a confirmation order.

Pursuant to article 169-*bis* of the Italian Bankruptcy Law, the debtor may request the competent court to be authorized to terminate outstanding agreements (*contratti ancora ineseguiti o non compiutamente eseguiti*), except for certain agreements which are excluded from the scope of the above provision (e.g., employment agreements (*rapporti di lavoro subordinato*), residential real estate preliminary sale agreements (*contratti preliminari di vendita aventi ad oggetto immobili ad uso abitativo*) and real estate lease agreements (*contratti di locazione di immobili*). The request may be filed with the competent court at the time of the filing of the application for the *concordato preventivo* or to the judge (*giudice delegato*), if the application is made after admission to the procedure. Upon the debtor's request, the pending agreements can also be suspended for a period of time not exceeding 60 days, renewable just once. In such circumstances, the other party has the right to receive an indemnification equivalent to the damages suffered for the non-fulfillment of the agreement. Such indemnification would be paid prior to and outside of the admission to the pre-bankruptcy composition.

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.

Bankruptcy proceedings (fallimento)

A request to declare a debtor bankrupt and to commence bankruptcy proceedings (*fallimento*) for the judicial liquidation of its assets can be filed by the debtor, any of its creditors and, in certain cases, the public prosecutor when a debtor is insolvent. Insolvency, as defined under Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations with ordinary means as they come due. Bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds are met: the company (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding tax years; (ii) has had gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding tax years; and (iii) has total indebtedness in excess of €0.5 million.

Upon the commencement of bankruptcy proceedings, amongst other things:

- subject to certain exceptions, all actions of creditors, actions 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 its decision;

- the administration of the debtor and the management of its assets are transferred to the bankruptcy receiver (*curatore fallimentare*);

- continuation of business may be authorized by the court if an interruption would cause greater damage to the company, but only if the continuation of the company's business does not cause damage to creditors;

- any act (including payments, pledges, and issuance of guarantees) made by the debtor after (and in certain cases even before for a limited period of time) the commencement of the proceedings, other than those made through the receiver, become ineffective against creditors; and

- the execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration 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 any one of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors as a whole. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate properties. In this respect, Law 132/2015 amended the relevant provision of the Italian Bankruptcy Law which sets forth the requirements applicable to the liquidation procedure and as a consequence the timing for the liquidation of a debtor is shortened. Italian Bankruptcy Law provides for priority of payment to certain preferential creditors, including employees, the Italian treasury, and judicial and social authorities. Such priority of payment is provided under mandatory provisions of law (as a consequence it is untested and it is unlikely that priority of payments such as those commonly provided in intercreditor contractual arrangements would be recognized by an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). Unsecured creditors are satisfied after payment of preferential and secure creditors, out of available funds and assets (if any) as below indicated.

- **Bankruptcy composition with creditors (concordato fallimentare).** Bankruptcy proceedings can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The relevant petition can be filed by one or more creditors, third parties or the receiver starting from the declaration of bankruptcy, whereas the debtor or its subsidiaries are admitted to file such a proposal only after one year following such declaration but before the lapse of two years from the decree giving effectiveness to the bankruptcy's estate (*stato passivo*). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of 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 treatments among the classes), and the satisfaction of creditors' claims in any manner. The petition may provide that secured claims are paid only in part. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority (by value) of claims (and, if classes are formed, by a majority (by value) of the claims in a majority of the classes). Final court confirmation is also required.

- **Statutory priorities.** The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other EU jurisdictions. Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of "*predeductible*" claims (i.e., claims originated in the insolvency proceeding, such as costs related to the procedure); (ii) for payment of claims which are privileged, such as claims of secured creditors; and (iii) for the payment of unsecured creditors' claims. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors, including the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priorities of claims are, in order of priority, those related to secured creditors (*creditori privilegiati*; a preference in payment in most circumstances, but not exclusively, provided for by law), mortgages (*creditori ipotecari*), pledges (*creditori prignoratizi*) and, lastly, unsecured creditors (*crediti chirografari*). Under Italian law, the proceeds from the sale of the bankrupt's estate are distributed according to legal rules of priority. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles. The law creates a hierarchy of claims that must be adhered to when distributing the proceeds derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset.

- **Avoidance powers in insolvency.** Similar to other jurisdictions, there are so-called "**claw-back**" or avoidance provisions under Italian law that may give rise, *inter alia*, to the revocation of payments or to the granting of security interests made by the debtor prior to the declaration of bankruptcy. The key avoidance provisions address transactions made below market value, preferential transactions and transactions made with a view to defraud creditors. Claw-back rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy compared to the rules applicable in other jurisdictions.

In bankruptcy proceedings, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six months in certain circumstances) and a two-year ineffectiveness period for certain other transactions. Please note that in the context of extraordinary administration procedures (as described below), the claw-back period may last up to three or five years in certain circumstances. The Italian Bankruptcy Law distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/court commissioner, as detailed below.

- **Acts ineffective by operation of law.** Under (i) Article 64 of the Italian Bankruptcy Law, subject to certain limited exception, all transactions entered into for no consideration are ineffective *vis-à-vis* creditors if entered into by the bankrupt entity in the two-year period prior to the insolvency declaration. Any asset subject to a transaction which is ineffective pursuant to Article 64 of the Italian Bankruptcy Law becomes part of the bankruptcy estate by operation of law upon registration (*trascrizione*) of the declaration of bankruptcy, without need to wait the ineffectiveness of the transaction is sanctioned by a court. Any interested person may challenge the registration before the delegated judge for violation of law; and (ii) Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are deemed ineffective *vis-à-vis* creditors, if made by the bankrupt entity within the two-year period prior to the insolvency declaration.

- **Acts that could be declared ineffective at the request of the bankruptcy receiver / court commissioner.**

(a) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) *vis-à-vis* the bankruptcy as provided for by article 67 of the Italian Bankruptcy Law and be declared ineffective, unless the non-insolvent party proves that it had no actual or constructive knowledge of the debtor's insolvency at the time the transaction was entered into:

(i) onerous transactions entered into in the year before the insolvency declaration, when the value of the debt or the obligations undertaken by the bankrupt entity exceeds 25% of the value of the consideration received by and/or promised to the debtor;

(ii) payments of debts, due and payable, which were not made by the debtor in cash or by other customary means of payment in the year prior to the insolvency declaration;

(iii) pledges and mortgages granted by the bankrupt entity in the year prior to the insolvency declaration in order to secure pre-existing debts which were not yet due at the time when the new security was granted; and

(iv) pledges and mortgages granted by the bankrupt entity in the six months prior to the insolvency declaration in order to secure pre-existing debts which had already fallen due at the time when the new security was granted.

(b) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be clawed back (revocati) and declared ineffective if the bankruptcy receiver proves that the non-insolvent party knew that the bankrupt entity was insolvent at the time of the act or transaction:

(i) payments of debts that are immediately due and payable and any onerous transactions entered into or made within six months prior to the insolvency declaration; and

(ii) granting of security interest for debts incurred in the six months prior to the insolvency declaration.

(c) The following transactions are exempt from claw-back actions:

(i) payments for goods or services made in the ordinary course of business according to market practice;

(ii) a remittance on a bank account; provided that it does not materially and permanently reduce the bankrupt entity's debt towards the bank;

(iii) a sale, including an agreement for sale registered pursuant to Article 2645-bis of the Italian Civil Code, currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser; provided that, as at the date of the insolvency declaration, the activity is actually exercised therein or the investments for the commencement of such activity have been carried out therein;

(iv) transactions entered into, payments made and guarantees granted by the debtor pursuant to a plan (piano attestato) under Article 67, Paragraph 3(d) of the Italian Bankruptcy Law (see "Out-of-Court Reorganization Plans (*piani di risanamento*) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law" above);

(v) a transaction entered into, payment made or guarantee granted in the context of "concordato preventivo" under Article 161 of the Italian Bankruptcy Law (see "—Court-Supervised Pre-Bankruptcy Composition with Creditors (*concordato preventivo*)" above) or an "accordo di ristrutturazione del debito" under Article 182-bis of the Italian Bankruptcy Law (see "—Debt Restructuring Agreements with Creditors Pursuant to Article 182-bis of the Italian Bankruptcy Law (*accordi di ristrutturazione dei debiti)"* above);

(vi) remuneration payments to the bankrupt entity's employees and consultants concerning work carried out by them; and

(vii) payments of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to concordato preventivo procedures.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared ineffective within the ordinary claw-back period of five years (*revocatoria ordinaria*) provided for by the Italian Civil Code. Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the bankrupt entity disposed of its assets prejudicially to such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such prejudice (or, if the transaction was entered into prior to the date on which the claim was originated, that such transaction was fraudulently entered into by the bankruptcy entity for the purpose of prejudicing the bankrupt entity) and that, in the case of a transaction entered into for consideration with a third party, the third party was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third party participated in the fraudulent design). The burden of proof is entirely with the receiver.

Law 132/2015 also introduced new Article 2929-*bis* to the Italian Civil Code, providing for a "simplified" clawback action for the creditor with respect to certain types of transactions put in place by the debtor with the aim to subtract (registered) assets from the attachment by its creditors. In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a Court decision clawing back/ nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out without consideration (e.g., gratuitous transfers, or creation of shield instruments such as trusts or the so called *fondo patrimoniale* or "family trust"). In case of gratuitous transfers, the enforcement action can also be carried out by the creditor against the third-party purchaser.

Finally, the Recast Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union.

Extraordinary administration for large insolvent companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza)

The extraordinary administration procedure is available under Italian law for large industrial and commercial enterprises; this procedure is commonly referred to as the "*Prodi-bis procedure.*" To be eligible, companies must be insolvent although able to demonstrate serious recovery prospects, have employed at least 200 employees in the previous year preceding the commencement of the procedure, and have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income deriving from sales and services during its last financial year. The procedure may be commenced by petition of the creditors, the debtor, a court or the public prosecutor. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to an extraordinary administration proceeding. Preferential payment is granted to those credits (even unsecured) accrued to allow the conduct of the company's business activity. Extraordinary administration procedures involve two main phases—a judicial phase and an administrative phase.

In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissario giudiziale*) to investigate whether there are serious prospects for recovery via a business sale or reorganization. The judicial receiver submit(s) a report to the court (within 30 days) together with an opinion from the Italian Ministry of Economic Development (the "**Ministry**"). The court has 30 days to decide whether to admit the company to the procedure or place it into bankruptcy.

If the company is admitted to the extraordinary administration procedure, the administrative phase begins and the extraordinary commissioner(s) appointed by the Ministry prepare a restructuring plan. The plan can provide either for the sale of the business as a going concern within one year (unless extended by the Ministry) (the "**Disposal Plan**") or a reorganization leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the "**Recovery Plan**"). It may also include a composition with creditors (*concordato*). The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner(s). In addition, the extraordinary commissioner draws up a report every six months on the financial condition and interim management of the company and sends it to the Ministry. The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan; however, should either plan fail, the company will be declared bankrupt.

Industrial restructuring of large insolvent companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

Introduced in 2003 pursuant to Italian Law Decree No. 347 of December 23, 2003, as converted into Italian Law No. 39 of 2004 and subsequently amended, this procedure is also known as the "*Marzano procedure.*" It is complementary to the Prodi-bis procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to work faster than the *Prodi-bis* procedure. For example, although a company must be insolvent, the application to the Ministry can be made before the court commences the administrative phase.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt (including those from outstanding guarantees). The decision whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory administrative winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be wound up pursuant to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is special insolvency proceedings in that the entity is liquidated not by the bankruptcy court but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions (*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 a compulsory administrative winding-up.

Interim financing

The Decree 83/2015, as amended by Law 132/2015, introduced the possibility for debtors to also obtain authorization to receive urgent interim financing and to continue to use existing trade receivables credit lines (*linee di credito autoliquidanti*) necessary for their business needs before a court's approval of a Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) with priority status (*prededucibilità*) in case of subsequent bankruptcy without the expert certification and through an accelerated review process by the relevant court, upon, among others, the relevant debtor's declaration that interim finance is urgently needed and the debtor's inability to access such finance would cause imminent and irreparable damage. The court must decide on the request within 10 days of the filing of the application after consultation with the judicial commissioner and, if deemed necessary, the principal creditors.

Before the entry into force of the Decree 83/2015, debtors could be granted financing with priority status (*prededucibilità*) before a court's approval of a Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) if: (i) an expert certified that such financing is functional to the overall restructuring process; or (ii) such financing is provided for by the plan or the agreement, provided in each case that the court approved such priority status.

Hardening period/clawback and fraudulent transfer

In a bankruptcy proceeding, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six months in certain circumstances). In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the debtor are declared ineffective within the Italian Civil Code ordinary claw-back period of five years (*revocatoria ordinaria*).

Under Italian law, in the event that the relevant guarantor and/or security provider enters into insolvency proceedings, the security interests created under the documents entered into to secure the Collateral and any future security interests or guarantees could be subject to potential challenges by an insolvency administrator or by other creditors of such guarantor and/or security provider under the rules of avoidance or claw-back of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or claw-back of transactions by the debtor made during the suspect period. The avoidance may relate to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (*i.e.*, to the extent the asset or obligation given or undertaken exceeds by one quarter the value of the consideration received by the debtor), or involving unusual means of payment (*e.g.*, payment in kind) or new security granted with respect to pre-existing debts not yet due at the time the security is entered into after the creation of the secured obligations, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, (ii) security granted within six months prior to the declaration of insolvency with respect to pre-existing debts due and payable, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, if the bankruptcy receiver proves that the creditor was aware of the insolvency of the debtor. The transactions potentially subject to avoidance also include those contemplated by a Note Guarantee or the granting of security interests under the security documents by a guarantor and/or security provider. If they are challenged successfully, the rights granted under the guarantees or in connection with security interests under the relevant security documents may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related security documents.

It should be noted that: (i) under Article 64 of the Italian Bankruptcy Law, subject to certain limited exceptions, all transactions carried out by the insolvent debtor for no consideration are ineffective *vis-à-vis* creditors if entered into by the debtor in the two-year period prior to the insolvency declaration, and (ii) under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective *vis-à-vis* creditors, if made by the bankrupt entity in the two-year period prior to insolvency.

In addition, as noted above, the Recast Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union.

LISTING AND GENERAL INFORMATION

Admission to Trading and Listing

Application will be made for the Notes to be (i) listed on the Official List of the LuxSE and admitted to trading on the Euro MTF Market as soon as reasonably practicable following the Issue Date and (ii) listed on the Vienna Stock Exchange from the Issue Date and in accordance with the rules and regulations of the relevant exchange. There can be no assurance that the Notes will be, or will remain, listed on the Official List of the LuxSE and admitted to trading on the Euro MTF Market or listed on the Vienna Stock Exchange.

Listing Information

For so long as the Notes are listed on the Official List of the LuxSE and are admitted to trading on the Euro MTF Market and the rules and regulations of the LuxSE so require, copies of the following documents may be inspected and obtained free of charge at the registered office of the Issuer during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- the organizational documents of the Issuer and any Guarantors if the Notes are guaranteed in the future;
- this Offering Memorandum;
- the financial statements included in this Offering Memorandum;
- the security documents;
- the Indenture (including the Note Guarantees); and
- the Intercreditor Agreement.

The Issuer will appoint The Bank of New York Mellon SA/NV, Dublin Branch, as transfer agent and as registrar and to make payments on the Notes when applicable. The Issuer reserves the right to vary such appointments in accordance with the terms of the relevant Indenture.

Approval

The Issuer and the Guarantors, if any, will obtain all necessary consents, approvals, authorizations or other orders for the issuance of the Notes and the Note Guarantees and the other documents to be entered into by the Issuer and the Guarantors, if any, in connection with the issuance of the Notes.

Clearing Information

The Notes sold in reliance on Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under Common Codes 234263803 and 234263749, respectively. The international securities identification number for the Notes sold in reliance on Regulation S is XS2342638033 and the international securities identification number for the Notes sold in reliance on Rule 144A is XS2342637498.

No material adverse change

Except as disclosed in this Offering Memorandum, there has been no material adverse change in the financial position and prospects of the Issuer since the date of the most recent financial information included in this Offering Memorandum.

INDEX TO FINANCIAL INFORMATION

The following are the consolidated financial statements of Golden Goose S.p.A.

GOLDEN GOOSE S.P.A.

BASED IN VIA PRIVATA ERCOLE MARELLI N. 10, 20139 MILAN
SHARE CAPITAL Euro 1.004.341,00 fully paid

Report and Audited Consolidated Financial Statements of Golden Goose S.p.A.
for the six months ended December 31, 2020

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Golden Goose S.p.A.

Consolidated financial statements as at December 31, 2020

Independent auditor's report

EY S.p.A.
Viale Appiani, 20/b
31100 Treviso

Tel: +39 0422 358811
Fax: +39 0422 433026
ey.com

Building a better working world

Independent auditor's report

To the Sole Shareholder of
Golden Goose S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Golden Goose Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated profit and loss, the consolidated other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated cash flow statement for the period then ended, and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2020, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of Golden Goose S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

These financial statements have been prepared by the Directors for the sole purpose of their inclusion in the Offering Memorandum for the offering of the Notes outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act"), and in the United States only to qualified institutional buyers as defined in Rule 144A under the Securities Act.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the 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, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Golden Goose S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained 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;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated 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;

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- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities 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 have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Treviso, April 9, 2021

EY SpA

Consolidated financial statements

Consolidated Profit and Loss

(Euro thousand)	Note	For the period ended December 31, 2020
Net Turnover	**28**	**156,296**
Cost of Goods sold	29	(59,784)
Net Margin		**96,512**
Selling and distribution expenses	31	(39,394)
General and Administration expenses	30	(56,515)
Marketing and Advertising	32	(5,909)
Operating Result (EBIT)		**(5,306)**
Financial Income	34	2,508
Financial Expenses	34	(25,856)
Profit before tax		**(28,654)**
Income taxes	35	3,902
Net result		**(24,752)**
Minority interest		56
Group interest		(24,808)

Consolidated other comprehensive income / (loss)

(Euro thousand)	For the period ended December 31, 2020
Net result	**(24,752)**
Other components of the comprehensive income statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes	
Net change in cash flow hedge reserve	1,038
Taxes	(290)
Total profits / (losses) from valuation of financial instruments	**748**
Foreign exchange differences from translation of financial statements in currencies other than the Euro	348
Total other components of the comprehensive income statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes	**1,096**
Other components of the comprehensive income statement that will not be reclassified in the profit / (loss) in subsequent periods, net of taxes	
Gains / (losses) from actuarial valuation	(138)
Taxes	33
Total gains / (losses) on actuarial valuation	**(105)**
Total other comprehensive income will not be reclassified in profit / (loss) in subsequent periods, net of taxes	**(105)**
Total comprehensive income for the period, net of taxes	**(23,761)**
Minority interest	25
Group interest	(23,787)

Consolidated statement of financial position

(Euro thousands)	Note	As of December 31, 2020
ASSETS		
Intangible assets	9	1,441,610
Tangible assets	11	37,073
Right of use assets	10	94,189
Deferred tax asset	13	16,618
Non-current financial assets	12	721
Other non-current assets	14	5,264
Non-current assets		**1,595,474**
Inventories	15	53,340
Accounts receivable	16	33,707
Current Tax assets	17	115
Other current non-financial assets	18	9,403
Current financial assets	12	5,794
Cash and cash equivalents	19	78,288
Current assets		**180,646**
Total Assets		**1,776,121**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital		1,004
Share premium		182,628
Other reserves		684,791
Results for the year		(24,808)
Group shareholders' equity	**20**	**843,615**
Minority reserves		**(113)**
Minority interest		**56**
Minority shareholders' equity		**(57)**
Total shareholders' equity		**843,558**
Provisions for severance indemnities	21	1,710
Deferred tax liabilities	22	246,195
Non-current Provisions for risks and charges	23	310
Non-current financial liabilities	12	544,405
Non-current liabilities		**792,620**
Trade payables	24	64,338
Other current non-financial liabilities	25	12,972
Current Tax liabilities	26	762
Current provisions for risks and charges	23	6,090
Current financial liabilities	12	55,781
Current liabilities		**139,943**
Total liabilities and shareholders' equity		**1,776,121**

Consolidated cash flow statement

(Euro thousand)	Note	For the period ended December 31, 2020
A. Cash flow generated (absorbed) by operations		
Net result		(24,752)
Income taxes		(3,902)
Interest expense (interest income)		23,348
Accruals to provision		6,235
Depreciation of fixed assets		33,915
Write-downs for impairment losses		4,553
Other adjustments for non-monetary items		(1,579)
Decrease / (increase) in inventories		(2,500)
Decrease / (increase) in trade receivables		(6,322)
Increase / (decrease) in trade payables		31,638
Other changes in net working capital		982
Interest collected / (paid)		(18,397)
(Income tax paid)		(15,822)
(Use of provision)		(65)
CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)		**27,332**
B. Cash flow generated (absorbed) by investment activities		
* Tangible assets		
(Investments)	11	(8,520)
Disposal price		
* Intangible assets		
(Investments)	9	(3,886)
Disposal price		
* Non-current financial assets		
(Investments)		(3,589)
Disposal price		
* Acquisitions / disposal of businesses, net of cash and cash equivalents	8	(991,668)
CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES (B)		**(1,007,663)**
C. Cash flow from financing activities		
* Debt		
Proceeds of borrowings	12	529,982
Repayment of borrowings	12	(338,765)
* Equity		
Proceeds from issue of share capital		867,352
Sale (purchase) of treasury shares		
(Dividends and advances on dividends paid)		
Repurchase of stock options		
CASH FLOW GENERATED (ABSORBED) BY FINANCIAL ACTIVITIES (C)		**1,058,569**
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (A +B +C)		**78,238**
Cash and cash equivalent at the beginning of the year		50
Cash and cash equivalent at the end of the year		**78,288**

Consolidated statement of changes in shareholders' equity

(Euro thousand)	Share capital	Share premium	Translation reserve	Legal reserve	Actuarial reserve	Other reserves	Cash flow hedge reserve	Retained earnings	Result for the period	Group shareholders' equity	Minority shareholders' equity	Total shareholders' equity
As of March 3, 2020	**50**									**50**		**50**
Net gain/(loss) on cash flow hedges							748			748		748
Change in actuarial reserve					(105)					(105)		(105)
Exchange differences on translation of foreign operations			378							378	(30)	348
Profit (loss) for the period ended December 31, 2020									(24,808)	(24,808)	56	(24,752)
Total comprehensive income	**0**	**0**	**378**	**0**	**(105)**	**0**	**748**	**0**	**(24,808)**	**(23,787)**	**25**	**(23,761)**
Share capital increase	4,950	862,313				89				**867,352**		**867,352**
Business combination										**0**	(83)	**(83)**
Merger with Sneakers Maker S.p.A.	(3,996)	(679,685)				683,681				**0**		**0**
As of December 31, 2020	**1,004**	**182,628**	**378**	**0**	**(105)**	**683,770**	**748**	**0**	**(24,808)**	**843,615**	**(57)**	**843,558**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE PERIOD ENDED DECEMBER 31, 2020

1 GENERAL INFORMATION

Golden Goose S.p.A. (the "Company") and its subsidiaries (together with the Company, the "Group") operate in the production and marketing of fashion products mainly in the footwear, clothing and related accessories sector. The Group holds, among other things, the established brand "Golden Goose Deluxe Brand". The address of the registered office is Via Privata Ercole Marelli n. 10, 20139 Milan, Italy and the registration number is 08347090964.

On March 2, 2020 the Permira fund indirectly incorporated Astrum 3 S.p.A., the vehicle for the acquisition of Sneakers Maker S.p.A., being the latter the holding company of Golden Goose S.p.A. The closing took place on June 16, 2020. Astrum 3 S.p.A. and Sneakers Maker S.p.A. have been subsequently reversely merged in Golden Goose S.p.A.. For accounting purposes, in accordance with IFRS 3, the convenience date of completion of the acquisition has been designated on July 1, 2020, having assessed that events between the "convenience" date and the actual acquisition date do not result in material changes in the amounts recognized. Therefore, these financial statements include the performance of Astrum 3 S.p.A. since its incorporation while the performance of the acquired group is presented starting from the acquisition date, from July 1, 2020 to December 31, 2020: Having Astrum 3 being incorporated in 2020 no comparative information is provided.

These consolidated financial statements as of and for the period ended December 31, 2020 were approved by the Board of Directors held on March 31, 2021.

2 SIGNIFICANT EVENTS OCCURRED DURING THE PERIOD

Acquisition of the Golden Goose Group by the Permira private equity fund

On February 12, 2020 was signed the agreement to transfer of ownership of the Group Golden Goose, from the private equity fund Carlyle to the private equity fund Permira, after a complex competitive process. The entry of the Permira as a new partner, represents the Group Golden Goose a very important moment.

On June 16, 2020 (the "Closing Date") Astrum 3 S.p.A., the vehicle company belonging to the Permira fund, established on March 3, 2020, acquired a 100% stake in Sneakers Maker SpA, which, in turn, owned the entire capital of Golden Goose SpA (the "Acquisition"). The Acquisition of Sneakers Maker Spa by Astrum 3 was financed, in part, through its own means and, for the remainder, through loans for a gross amount of Euro 470 million, made available by a group of national and international lenders (Credit Suisse AG, Goldman Sachs Int. Bank, Barclays Bank plc, Bank of America Merrill Lynch International and Banca IMI).

In the context of the same acquisition, some lenders (Credit Suisse AG, Goldman Sachs Int. Bank, Barclays Bank plc, Bank of America Merrill Lynch International and Banca IMI) have also granted Astrum 3 a revolving credit facility for a total of Euro 75 million, which Astrum 3 used to support Golden Goose's treasury needs.

The aforementioned companies, immediately after the completion of the Acquisition, provided for a reverse merger by incorporation of Astrum 3 and Sneakers Maker into Golden Goose, the incorporating company, on the basis of a merger plan approved by the administrative bodies on July 27, 2020. On August 5, 2020 the reverse merger became legally effective.

Coronavirus outbreak

The outbreak of SARS CoV 2 ("COVID 19") and measures to prevent its spread, including restrictions on travel, imposition of quarantines, prolonged closures of workplaces and other businesses, and the related impact from closure of supply chains, customers and associated reduction in consumer demand have, and may continue to have, an impact on the Group's business.

In March 2020, the World Health Organization declared COVID-19 a global pandemic and governmental authorities around the world implemented measures to reduce the spread of COVID-19. For example, in January and March 2020, respectively, China and Italy, two of main markets of the Group, imposed strict nationwide lockdowns in which, among other things, non-essential retail stores, such as our stores, were required to close in order to control the spread of COVID-19. Other markets in which the Group operates, such as certain regions of the United States, the United Kingdom and France, have also been affected by lockdowns and similar restrictive measures. Even when the stores reopened, the COVID-19 pandemic has impacted the Group's ability to attract customers to the reopened stores, given the risks, or perceived risks, of gathering in public places and the general economic uncertainty that the COVID-19 pandemic has brought about.

The Group temporarily closed most of our DOS during lockdown periods in 2020, most notably almost all of our DOS in China in February 2020, and almost all of our DOS in Europe and US from March to May, following the specific restrictions imposed by local Governments. In addition, starting in October and November 2020, Italy and other European and international markets were affected by a resurgence (or “second wave”) of rising COVID-19 case levels, resulting in regional lockdowns and similar restrictive measures. Our wholesale partners, such as multi-brand stores and department stores, were similarly impacted. Notably, in South Korea (which accounts for approximately 31% of our total DOS as of December 31, 2020), the local government did not implement, any general lockdown on retail businesses but similar and localized restrictive measures, such as curfew or travel limitation. Early responses to the pandemic in the APAC region, including China, resulted in partial or full re-openings at a more rapid pace than in EMEA (including Italy). . Across the geographies where the Group operates, even where stores have reopened following lockdown periods, high uncertainty associated with the unprecedented lockdown measures has resulted in a cautious ramp-up in footfall.

Since the beginning of the pandemic in 2020, the Group has prioritized prudent cash and liquidity management, and has not accessed any government credit line schemes. The Group maintained a robust liquidity position throughout the period, having generated positive operating cash flow in each financial quarter of the Period, further supported by our Revolving Credit Facility.. In June 2020, we took the precautionary step of drawing down funds totaling Euro 75.0 million under the Revolving Credit Facility to preserve financial flexibility.

In this economic financial situation, with the aim of reducing the counterparty insolvency risks and facing the liquidity needs more effectively, the Group decided to insure the major part of the trade receivables through two accredited global players: Illimity Bank and Sace insurance, operating with credit limits, credit cap and deductible, with a coverage up to 90%.

The Group has not experienced disruptions to the production. Where necessary, the Group have called on other suppliers, redirected shipments and increased stock orders in an effort to ensure continuity of the business, continuing to perform stock checks, monitor production requirements and the capacity of our producers to prevent shortages. The Group has managed issues with raw material supply, the distribution of finished goods and the availability of operating personnel.

In order to protect the workforce and maintain the continuity of the operations, the Group implemented preventative measures including social distancing in the workplace, working from home procedures for office based employees, wearing face coverings in communal areas, providing hand sanitizer and other personal protective equipment to employees, increasing the frequency of cleaning of the stores and offices and emphasizing and educating the employees on proper personal hygiene. Partially due to the success of these measures, outside of the retail stores, the Group has been able to manage the operations and employee absenteeism with minimal disruption. In addition, the Group has implemented additional measures to prevent data security breaches especially since the risk of a breach is higher with remote working arrangements.

New Retail projects in the USA

As part of the strong growth and affirmation of the brand in the United States of America, the Group considered it appropriate to increase its investment in the American hub by strengthening its presence with additional new locations that could accommodate new Retail projects. To this end, the companies Golden Goose Austin Llc, Golden Goose Boca Llc, Golden Goose Philadelphia Llc, Golden Goose LA Topanga Llc, Golden Goose LV Crystals Llc, Golden Goose Aspen Llc, Golden Goose Denver Llc, Golden Goose Charlotte Llc became operational. , Golden Goose Detroit Llc, wholly owned by the subsidiary Golden Goose USA Inc..

Establishment of the company Golden Goose Spa Do Brasil Ltda

The 2020 financial year marks the start of the business of Golden Goose Brasil, a company incorporated under Brazilian law which, wholly owned by Golden Goose S.p.A., was launched with the aim of operating the first retail opening in the city of Sao Paulo. The first owned store in Brazil is expected to open in the year 2021.

Establishment of the company Golden Goose Lux Canada Ltd

Golden Goose Canada started its business in 2020, established in September 2020. The company, 100% owned by Golden Goose S.p.A. in turn, it controls 100% of Golden Goose Toronto Ltd. The Canadian corporate structure was set up with the aim of operating the first owned store in the city of Toronto.

3 BASIS OF PREPARATION

The consolidated financial statements for the period ended December 31, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union and in force on the balance sheet date. The explanatory notes to the financial statements have been integrated with the additional information required by the Civil Code. The acronym "IFRS" also means the International Accounting Standards ("IAS") still in force, as well as all the interpretative documents issued by the IFRS Interpretation Committee, previously called the International Financial Reporting Interpretations Committee ("IFRIC") and even before the Standing Interpretations Committee ("SIC").

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position that shows separately current and non-current assets and liabilities based on their realization or extinction within the normal business operating cycle within the twelve months following the end of the year;

- the consolidated Profit and Loss that shows costs and revenues using a classification based on their destination, a method considered more representative than the sector of activity in which the Group operates;

- the consolidated statement of other comprehensive income/(loss);

- the consolidated cash flow statement prepared according to the indirect method;

- the consolidated statement of changes in shareholders' equity;

- the explanatory notes containing the information required by current legislation and by international accounting standards.

For the purposes of IFRS 8 "Operating segments", the Group operates in a single operating segment.

These financial statements are expressed in Euro thousands, the functional currency adopted by the Parent, in accordance with IAS 1.

4 AREA AND METHOD OF CONSOLIDATION

The consolidated financial statements originate from the financial statements of the Golden Goose S.p.A. (Parent) and of the Companies in which the Parent directly or indirectly holds the controlling stake in the capital or exercises control.

Control is obtained when the Group is exposed to or has the right to variable returns, deriving from its relationship with the entity being invested and, at the same time, can influence these returns by exercising its power over that entity.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the entity being invested in (or holds valid rights which confer it the current ability to direct the relevant activities of the entity being invested in);

- the exposure or rights to variable returns deriving from the relationship with the entity being invested in;

- the ability to exercise its power over the entity being invested to affect the amount of its returns.

Generally, there is a presumption that the majority of voting rights entail control. In support of this presumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group considers all the relevant facts and circumstances to determine whether it controls the entity being invested in, including:

- Contractual agreements with other holders of voting rights;

- Rights deriving from contractual agreements;

- Voting rights and potential voting rights of the Group.

The Group reconsiders whether it has control of an investee if the facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control of it and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the period and each of the other components of the comprehensive income statement are attributed to the shareholders of the parent and to the minority interests, even if this implies that the minority interests have a negative balance. When necessary, appropriate adjustments are made to the financial statements of the subsidiaries, to ensure compliance with the group's accounting policies. All intragroup assets and liabilities, shareholders' equity, revenues, costs and cash flows relating to transactions between group entities are eliminated during the consolidation phase.

The changes in the shareholdings in a subsidiary that do not lead to a loss of control are accounted for equity.

If the Group loses control of a subsidiary, it must eliminate the related assets (including goodwill), liabilities, minority interests and other components of equity, while any profit or loss is recognized in the consolidated profit and loss statement. The shareholding that may be retained must be recognized at *fair value*.

The list of companies included in the consolidation is provided below:

		Share capital				
Company name	**Site**	**Currency**	**Amount**	**Direct owner**	**Cons. share %**	**Prop. share %**
Golden Goose Holland B.V.	Amsterdam	Euro	10.000	Golden Goose S.p.A.	100	100
SASU Golden Goose France	Parigi	Euro	800.000	Golden Goose S.p.A.	100	100
Golden Goose USA INC	Wilmington	USD	909.877	Golden Goose S.p.A.	100	100
Golden Goose DB UK LTD	Londra	GBP	873.000	Golden Goose S.p.A.	100	100
Golden Goose Germany Gmbh	Munich	Euro	1.300.000	Golden Goose S.p.A.	100	100
Golden Goose HK Ltd	Hong Kong	HKD	1.702.351	Golden Goose S.p.A.	100	100
Golden Goose Korea Ltd	Seoul	KRW	8.496.080.000	Golden Goose S.p.A.	100	100
Golden Goose Switzerland Gmbh	Zurigo	CHF	100.000	Golden Goose S.p.A.	100	100
Golden Goose Austria Gmbh	Vienna	Euro	285.000	Golden Goose S.p.A.	100	100
Golden Goose Spain SL	Barcelona	Euro	3.000	Golden Goose S.p.A.	100	100
Golden Goose Belgium Sprl	Bruxelles	Euro	18.550	Golden Goose S.p.A.	100	100
Golden Goose Denmark ApS	Copenaghen	DKK	50.000	Golden Goose S.p.A.	100	100
GGDB China	Shanghai	CNY	21.772.915	Golden Goose S.p.A.	100	100
Golden Goose Japan Ltd	Tokyo	JPY	7.000.000	Golden Goose S.p.A.	100	100
Golden Goose Portugal Lda	Lisbona	Euro	5.000	Golden Goose S.p.A.	100	100
Golden Goose Trading Llc	Dubai	AED	100.000	Golden Goose S.p.A.	49*	49*
Golden Goose Macau Ltd	Macau	MOP	100.000	Golden Goose S.p.A.	100	100
Golden Goose Taiwan Ltd	Taiwan	TWD	344.490	Golden Goose S.p.A.	100	100
Golden Goose Australia Ltd	Sidney	AUD	10.000	Golden Goose S.p.A.	100	100
Golden Goose New York LLC	New York	USD	896.110	Golden Goose USA INC	100	100
Golden Goose LA LLC	Studio City	USD	100.000	Golden Goose USA INC	100	100
Golden Goose Madison LLC	New York	USD	100.000	Golden Goose USA INC	100	100
GOLDEN GOOSE MI LLC	Miami	USD	—	Golden Goose USA INC	100	100
GOLDEN GOOSE SF LLC	San Francisco	USD	—	Golden Goose USA INC	100	100
Golden Goose LV Crystals Llc	Miami	USD	—	Golden Goose USA INC	100	100
Golden Goose Woodbury Llc	New York	USD	—	Golden Goose USA INC	100	100
Golden Goose SCP Llc	Miami	USD	—	Golden Goose USA INC	100	100
Golden Goose Boston Llc	Miami	USD	—	Golden Goose USA INC	100	100
Golden Goose Dallas Llc	Miami	USD	—	Golden Goose USA INC	100	100
Golden Goose Hampton Llc	New York	USD	—	Golden Goose USA INC	100	100
Golden Goose Hawaii Llc	Honolulu	USD	—	Golden Goose USA INC	100	100
Golden Goose New Jersey Llc	New Jersey	USD	—	Golden Goose USA INC	100	100
Golden Goose Nashville Llc	Miami	USD	—	Golden Goose USA INC	100	100
Golden Goose Atlanta Llc	Georgia	USD	—	Golden Goose USA INC	100	100
Golden Goose Chicago Llc	Illinois	USD	—	Golden Goose USA INC	100	100
Golden Goose Houston Llc	Taxas	USD	—	Golden Goose USA INC	100	100
Golden Goose Santa Clara Llc	California	USD	—	Golden Goose USA INC	100	100
Golden Goose Scottsdale Llc	Arizona	USD	—	Golden Goose USA INC	100	100
Golden Goose Virginia Llc	Virginia	USD	—	Golden Goose USA INC	100	100
Golden Goose Turkey	Turkey	TRY	6.400.000	Golden Goose S.p.A.	100	100
Golden Goose Austin Llc	Texas	USD	—	Golden Goose USA INC	100	100
Golden Goose Americana Llc	New York	USD	—	Golden Goose USA INC	100	100
Golden Goose Aspen Llc	Colorado	USD	—	Golden Goose USA INC	100	100
Golden Goose Boca Llc	Florida	USD	—	Golden Goose USA INC	100	100
Golden Goose Topanga Llc	California	USD	—	Golden Goose USA INC	100	100
Golden Goose Las Vegas Llc	Nevada	USD	—	Golden Goose USA INC	100	100
Golden Goose Phila Llc	Pennsylvania	USD	—	Golden Goose USA INC	100	100
Golden Goose Denver Llc	Colorado	USD	—	Golden Goose USA INC	100	100
Golden Goose Detroit Llc	Michigan	USD	—	Golden Goose USA INC	100	100
Golden Goose Charlotte Llc	North Carolina	USD	—	Golden Goose USA INC	100	100
Golden Goose Beverly Llc	California	USD	—	Golden Goose USA INC	100	100
Golden Goose Lux Canada Ltd	Canada	CAD	100	Golden Goose S.p.A.	100	100

Golden Goose Toronto Ltd..........	Canada	CAD	100	Golden Goose Lux Canada Ltd	100	100

(*) the 51% of the shares of Golden Goose Trading Llc are owned by a local shareholder in accordance with a local law. Golden Goose Group is entitled to 80% of the distribution of profits.

The equity and all intercompany transactions included in the consolidation area are eliminated. Gains and losses arising from transactions between consolidated companies that are not realized through transactions with third parties are eliminated. During the pre-consolidation, the items of exclusive tax relevance were eliminated and the related deferred taxes were set aside.

The conversion of the balance sheet of the foreign subsidiaries and associated companies was carried out using the spot exchange rate on the balance sheet date for the assets and liabilities, while the average exchange rate for the period was used for the income statement items. The net effect of translating the financial statements of the investee company into the reporting currency is recognized in the "*Translation reserve*".

For the conversion of financial statements prepared in foreign currencies, the following rates have been applied:

Currency description	Spot at December 31, 2020	Average for the period ended December 31, 2020*
U.S. dollar—USD	1,227	1,1810
Pound Sterling—GBP	0,899	0,9040
Won South Korea—KRW	1.336	1.360,9180
HK dollar—HKD	9,514	9,1550
Renminbi (Yuan)—CNY	8,023	7,9940
Danish Krone—DKK	7,441	7,4440
Swiss Franc—CHF	1,080	1,0770
Japanese Yen—JPY	126,490	124,3440
Arab Emirates Diram—AED	4,507	4,3380
Pataca Macao—MOP	9,80	9,43
Taiwan dollar—TWD	34,481	34,1590
Australian dollar—AUD	1,590	1,6330
Canadian dollar—CAD	1,563	1,5560
Turkish lira—TRY	9,1130	9,2780

* Considering that foreign operations started are included in this financial statement starting from the business combination with Sneakers Maker S.p.A. and Golden Goose S.p.A., the average rate is calculated since the Acquisition date (July 1, 2020) to the end of the period.

5 SIGNIFICANT ACCOUNTING PRINCIPLES

CURRENT/ NON-CURRENT CLASSIFICATION

The assets and liabilities in the Group's financial statements are presented according to the current / non-current classification. An activity is current when:

- it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- it is mainly held for trading;
- it is expected to be realized within twelve months after the year end date; or
- it consists of cash or cash equivalents unless it is forbidden to exchange or use it to extinguish a liability for at least twelve months from the year end date.

All other assets are classified as non-current.

5 SIGNIFICANT ACCOUNTING PRINCIPLES

A liability is current when:

- it is expected to be settled in its normal operating cycle;
- it is mainly held for trading;
- must be extinguished within twelve months from the end of the financial year; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the year-end date.

The contractual conditions of the liability which could, upon the option of the counterparty, lead to the extinction of the same through the issue of equity instruments do not affect their classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified among non-current assets and liabilities.

TANGIBLE AND INTANGIBLE ASSETS

Intangible assets

Intangible assets acquired separately are initially recognized at cost, while those acquired through business combinations are recognized at *fair value* at the acquisition date. After initial recognition, intangible assets are recognized at cost net of accumulated amortization and any accumulated impairment losses. Intangible assets produced internally, except for development costs, are not capitalized and are recognized in the income statement for the year in which they were incurred.

The useful life of intangible assets is assessed as either finite or indefinite.

Intangible assets with a defined useful life are amortized over their useful life and are subject to impairment testing whenever there are indications of a possible loss in value. The amortization period and the amortization method of an intangible asset with a finite useful life is reconsidered at least at each year-end. Changes in the expected useful life or in the ways in which the future economic benefits associated with the asset will be realized are recognized through the change in the period or the method of amortization, as appropriate, and are considered changes in accounting estimates. The amortization portions of intangible assets with a finite useful life are recognized in the consolidated profit and loss statement for the year in the cost category consistent with the function of the intangible asset.

Intangible assets with an indefinite useful life are not amortized, but are subject to annual impairment tests, both individually and at the level of the cash-generating unit. The evaluation of the indefinite useful life is reviewed annually to determine whether this attribution continues to be sustainable, otherwise, the change from indefinite useful life to defined useful life is applied on a prospective basis.

An intangible asset is eliminated at the time of its disposal (that is, the date when the purchaser obtains control of it) or when no future economic benefits are expected from its use or disposal. Any profit or loss deriving from the elimination of the asset (calculated as the difference between the net sale price and the carrying amount of the asset) is included in the consolidated profit and loss.

Industrial patent rights and rights to use intellectual property, licenses and concessions are amortized at an annual rate of 33%.

Trademarks: as regards the multi-year costs incurred during the registration of distinctive signs and the filing of company trademarks, amortization was carried out over 18 years; as regards the component that emerged when allocating the Group's acquisition price, the same is considered to have an indefinite useful life and therefore subjected to *impairment* tests annually.

Key Money: this item includes the amounts paid by the Group to take over the contractual positions relating to commercial properties located in prestigious locations. The *Key money* is amortized over the term of the lease, considering the possibility of renewal.

For intangible assets the amortization period is at most equal to the legal or contractual limit. If the Group plans to use the asset for a shorter period, the useful life reflects this shorter period rather than the legal or contractual limit for the purpose of calculating depreciation.

The amortization criteria adopted for the various items of intangible assets are illustrated below:

Description	**Rate %**
Brand name	indefinite useful life
Key Money	duration of the lease
Licensing	33.33
Backlog	100.00
Customer relationship	6.67
Patents and Trademarks	5.56
Software programs	33.33
Other intangible assets	20.00

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at *fair value* on the acquisition date, and the amount of the minority interest in the acquiree. For each business combination, the Group defines whether to measure the minority interest in the acquiree at *fair value* or in proportion to the share of the minority interest in the identifiable net assets of the acquiree. Acquisition costs are expensed during the year and classified among general and administration expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, economic conditions and other relevant conditions existing at the acquisition date. This includes verification to determine whether an embedded derivative should be separated from the primary contract.

Any potential consideration to be recognized is recognized by the buyer at *fair value* on the acquisition date. The contingent consideration classified as equity is not subject to remeasurement and its subsequent payment is recorded through shareholders' equity. The change in the *fair value* of the potential consideration classified as an asset or liability, as a financial instrument that is the subject of IFRS 9 Financial instruments, must be recognized in the income statement in accordance with IFRS 9. The potential consideration that does not fall within the scope of the IFRS 9 is measured at *fair value* at the balance sheet date and changes in *fair value* are recognized in the income statement.

Goodwill is initially recognized at the cost represented by the excess of the total amount paid and the amount entered for minority interests compared to the identifiable net assets acquired and the liabilities assumed by the Group. If the *fair value* of the net assets acquired exceeds the amount of the consideration paid, the Group again checks whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to determine the amounts to be recognized at the acquisition date. If the *fair value* of the net assets acquired still exceeds the consideration, the difference (profit) is recognized in the income statement.

After initial recognition, goodwill is valued at cost net of accumulated impairment losses. As *impairment test*, the goodwill acquired in a business combination is allocated, from the date of acquisition, to each cash generating unit of the Group which is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to such units.

If the goodwill has been allocated to a cash-generating unit and the entity disposes part of the assets of that unit, the goodwill associated with the asset disposed of is included in the carrying amount of the asset when determining the profit or the loss of the divestment. The goodwill associated with the disposed business is determined based on the values of the disposed business and the retained part of the cash generating unit.

Tangible assets

Assets under construction are accounted at historical cost, less any accumulated impairment losses. Tangible assets are accounted at historical cost, net of accumulated depreciation and accumulated impairment losses. This cost includes the costs for the replacement of part of machinery and plant when they are incurred, if they comply with the recognition criteria. Where periodic replacement of significant parts of plant and machinery is necessary, the Group depreciates them separately based on the specific useful life. Similarly, in the event of major revisions, the cost is included in the book value of the plant or machinery as in the case of replacement, where the criterion for recognition is met. All other repair and maintenance costs are recognized in the income statement when incurred. If significant, the present value of the cost of dismantling and removing the asset at the end of its use is included in the cost of the asset, if the recognition criteria for a provision are met.

Tangible assets are accounted at the purchase cost actually incurred for the acquisition or production of the asset and are recognized when the transfer of risks and benefits takes place, which normally coincides with the transfer of the legal title. This cost includes the purchase cost, the accessory purchase costs and all costs incurred to bring the asset to the place and conditions necessary for it to operate in the manner intended by the Group. The production cost includes direct costs (direct material and labor, design costs, external supplies, etc.) and general production costs, for the portion reasonably attributable to the asset for the period of its manufacture up to the time in the asset is ready for use.

Tangible fixed assets, the use of which is limited in time, are systematically depreciated in each year in relation to their residual possibility of use and reduced by half in the year when the asset enters service. Depreciation starts from the time the asset is available and ready for use.

The depreciation amount charged to each year refers to the breakdown of the cost incurred over the entire estimated duration of use.

The residual value is not taken into account when it is considered small compared to the value to be depreciated.

The rates applied, unchanged compared to the previous year, are as follows:

Description	**Rate %**
Equipment	25.00
Automatic machinery	12.50
Office electronic machines	20.00
Various and small equipment	25.00
Furniture and furnishings	12.00
Cars	25.00
Motor vehicles	20.00
Generic plant	7.50
Commercial equipment	15.00
Specific plant	7.50
Civil buildings	3.00

Temporarily unused assets are also subject to depreciation.

Advances to suppliers for the purchase of tangible fixed assets are initially recognized on the date on which the obligation to pay these amounts arises.

If, regardless of the amortization already accounted for, the asset is impaired, the fixed asset is correspondingly written down. If in subsequent years the conditions for the write-down no longer exist, the impairment is reversed up to the carrying value the asset would have had if no impairment had originally been recognized.

The book value of an item of property, plant and machinery and any significant component initially recognized is eliminated at the time of disposal (i.e. on the date on which the buyer obtains control of it) or when no future economic benefit is expected from its use or disposal. The profit / loss arising when the asset is derecognized (calculated as the difference between the asset’s net book value and the consideration received) is recognized in the consolidated profit and loss when the item is derecognized.

The residual values, useful lives and depreciation methods of property, plant and machinery are reviewed at the end of each year and, where appropriate, corrected prospectively.

Impairment of non-financial assets

At each balance sheet date, the Group assesses the possible existence of indicators of impairment of assets. In this case, or in cases where an annual check on the loss of value is required, the Group makes an estimate of the recoverable value. The recoverable value is the higher of the *fair value* of the asset or unit generating cash flows, net of selling costs, and its value in use. The recoverable value is determined by individual asset, except when such asset generates cash flows that are not largely independent of those generated by other assets or groups of assets. If the book value of an asset is higher than its recoverable value, this asset has suffered an impairment loss and is consequently written down to bring it back to the recoverable value.

In determining the value in use, the Group discounts estimated future cash flows to the present value using a pre-tax discount rate, which reflects the market valuations of the present value of money and the specific risks of the asset. In determining the fair value net of selling costs, recent market transactions are taken into account. If such transactions cannot be identified, an appropriate valuation model is used. These calculations are corroborated by suitable valuation multipliers and other available fair value indicators.

The Group bases its *impairment* test on more recent budgets and forecast calculations, prepared separately for each Group cash generating unit to which individual activities are allocated. These budgets and forward-looking calculations generally cover a 5-year period. A long-term growth rate is calculated to project future cash flows beyond the fifth year.

Impairment losses of assets in operation are recognized in the consolidated profit and loss statement for the year in consistently with the destination of the asset that highlighted the impairment.

For assets other than goodwill and other intangible assets with an indefinite useful life, at each balance sheet date, the Group assesses the possible existence of indicators of the loss (or reduction of previously recognized impairment losses) and, if such indicators exist, estimate the recoverable amount of the asset or CGU. The value of a previously written down asset can be restored only if there have been changes in the assumptions on which the calculation of the determined recoverable value was based, after the recognition of the last impairment loss. The recovery of value cannot exceed the book value which would have been determined, net of depreciation, if no loss of value had been recognized in previous years. This recovery is recognized in the consolidated profit and loss statement for the year unless the asset is not recognized at revalued value, in which case the recovery is treated as an increase from revaluation.

Goodwill and other intangible assets with indefinite useful life are subjected to impairment test at least annually or more frequently if circumstances indicate that the carrying value may be subject to impairment.

The impairment of goodwill is determined by evaluating the recoverable value of the cash-generating unit (or group of cash-generating units) to which the goodwill is attributable. If the recoverable amount of the cash generating unit is lower than the carrying amount of the cash generating unit to which the goodwill has been allocated, an impairment loss is recognized. The reduction in the value of goodwill cannot be reversed in future years.

Intangible assets with an indefinite useful life are subject to impairment tests at least once a year with reference, at the level of the cash-generating unit and when circumstances indicate that there may be a loss in value.

INVENTORIES

The evaluation of the various categories of goods was carried out according to the following criteria.

Raw, ancillary and consumable materials

The materials in stock are valued at the lower of the purchase cost, determined with the weighted average cost method, and the presumed net realizable value that emerges from the market trend.

Work in progress and semi-finished products

Direct costs are considered in the evaluation, according to the stage of processing achieved.

Finished products and goods

The finished products in the warehouse are valued at the lower of the weighted average production cost (which includes the direct cost of materials and labor plus a share of the general production costs, based on normal production capacity, excluding financial charges) and the presumed net realizable value that emerges from market trends.

The goods are valued at the lower of the purchase cost, determined using the weighted average cost method of the year, and the presumed net realizable value that emerges from the market trend.

The market value is represented, as regards raw materials and products in progress, by the presumed net realizable value of the corresponding finished products less the completion costs, as regards the finished products by the presumed net realizable value.

The products considered obsolete, based on the age, the frequency of rotation, the possibility of use or realization are adjusted by the depreciation fund.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents and short-term deposits include cash on hand and sight and short-term deposits, highly liquid deposits with a maturity of three months or less, which are readily convertible into a given amount of money and subject to a risk that is not significant changes in value.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are made when the Group has a present obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle

the obligation and a reliable estimate can be made in the amount of the obligation. When the Group believes that a provision for risks and charges will be partially or fully reimbursed, for example in the case of risks covered by insurance policies, the compensation is recognized separately and separately in the assets if, and only if, it is virtually certain. In this case, the cost of any provision is presented in the consolidated profit and loss statement for the period net of the amount recognized for the reimbursement.

If the effect of the value of money over time is significant, the provisions are discounted using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When the liability is discounted, the increase in the provision due to the passage of time is recognized as a financial charge.

PROVISIONS FOR SEVERANCE INDEMNITIES

The benefits paid to employees at or after the termination of the employment relationship are divided according to the economic nature into defined contribution plans and defined benefit plans. In defined contribution plans, the legal or implicit obligation of the company is limited to the amount of contributions to be paid. In defined benefit plans, the company's obligation is to grant and insure the agreed benefits to employees: consequently, the actuarial and investment risks fall on the company.

5 SIGNIFICANT ACCOUNTING PRINCIPLES

Until December 31, 2006, the severance indemnity fell within the scope of the plans following the employment relationship of the “defined benefit plans” type and was measured using the projected unit credit method carried out by independent actuaries. This calculation consists in estimating the amount of benefit that an employee will receive on the presumed termination date of employment using demographic assumptions (e.g. mortality rate and staff turnover rate) and financial assumptions (e.g. discount rate and increases future wages). The amount thus determined is discounted and re-proportioned based on the seniority accrued with respect to the total seniority.

Following the reform introduced with Law no. 296 of 27 December 2006, the provision for severance indemnities for the part matured from 1 ° January 2007, is substantially similar to the “defined contribution plan.” In particular, these modifications introduced the possibility of the worker to choose the destination of his provisions for severance indemnities maturing: the new provision flows can be, in companies with more than 50 employees, addressed by the worker to selected pension schemes or transferred to the Treasury Fund at INPS.

With regard to the presentation in the income statement of the various cost components relating to the employee leaving indemnity, it was decided to apply the accounting method allowed by IAS 19 which requires the separate recognition in the income statement of the cost components related to the work performance (classified under the cost labor costs) and net financial charges (classified within the financial area), and the recognition of actuarial gains and losses that derive from the measurement in each financial year of the liability and asset among the components of the comprehensive income statement. The profit or loss deriving from the actuarial calculation of the defined benefit plans (provision for severance indemnity) is fully recognized in the comprehensive income statement.

SHARE-BASED PAYMENTS

Group employees (including managers) receive part of the remuneration in the form of share-based payments, therefore employees provide services in exchange for shares.

The cost of transactions settled with equity instruments is determined by the fair value on the date the assignment is made using an appropriate valuation method.

This cost, together with the corresponding increase in shareholders’ equity, is recognized among personnel costs over the period in which the conditions relating to the achievement of objectives and / or the provision of the service are met. The cumulative costs recognized for these transactions at the end of each financial year up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually accrue. The cost or income in the consolidated profit and loss statement for the year represents the change in the accumulated cost recognized at the beginning and end of the year.

The conditions of service or performance are not taken into consideration when the fair value of the plan is defined at the assignment date. However, account is taken of the probability that these conditions will be met in defining the best estimate of the number of equity instruments that will mature. Market conditions are reflected in the *fair value* on the assignment date. Any other condition linked to the plan, which does not lead to a service obligation, is not considered as a vesting condition. The non-vesting conditions are reflected in the *fair value* of the plan and involve the immediate accounting of the cost of the plan, unless there are also service or performance conditions.

No cost is recognized for rights that do not accrue as the *performance* and / or service conditions are not met. When the rights include a market condition or a non-vesting condition, these are treated as if they had matured regardless of whether the market conditions or the other non-vesting conditions to which they are subject are respected or not, provided that all the other performance and / or service conditions must be met.

If the conditions of the plan are changed, the minimum cost to be recognized is the *fair value* at the assignment date in the absence of the plan change, on the assumption that the original conditions of the plan are met. In addition, there is a cost for each change that involves an increase in the total *fair value* of the payment plan, or which is in any case favorable for employees; this cost is valued with reference to the modification date. When a plan is canceled by the entity or the counterparty, any remaining element of the plan’s *fair value* is expensed immediately in the income statement.

RIGHTS OF USE

The Group assesses when signing a contract if it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period in exchange for a payment.

Except for contracts involving low unit value assets, all financial lease and rental contracts are capitalized in the "Right of use" item from the commencement date of the contract to the value of the liability, reduced by any incentives received and increased for any initial direct costs incurred and the estimate of restoration costs. A liability equal to the present value of the fixed payments over the duration of the contract as well as the payments for any purchase options for which the exercise is reasonably certain and any penalties for terminating the contract, where the duration of the contract, is entered in the liabilities. take this into account. The duration of the contract considers the period not cancellable as well as the extension options in the event of reasonable certainty of exercise of the same and the periods covered by the option to terminate the contract where there is reasonable certainty not to exercise the withdrawal. In calculating the present value of the payments due, the Group uses the marginal financing rate at the commencement date if the implicit interest rate cannot be easily determined.

The liability is progressively reduced based on the repayment plan of the portions of capital included in the lease payments. The installments are divided between the principal portion and the interest portion, in order to obtain the application of a constant interest rate on the residual balance of the debt (principal portion). Financial charges are charged to the income statement. Variable leasing payments that do not depend on an index or rate are recognized as costs in the period (unless they have been incurred for the production of inventories) in which the event or condition that generated the payment occurs.

The right of use is amortized by applying the criterion indicated for tangible fixed assets over the duration of the contract, or on the basis of the rates indicated for tangible fixed assets if the exercise of any purchase option is reasonably certain. Depreciation and interest are shown separately. The right of use activities is subject to impairment.

For lease and rental contracts in which there is no purchase option and involving low unit value goods, the payments of the related charges are recognized as costs in the income statement on a straight-line basis over the duration of the contract.

Following Covid-19 pandemics and the Amendment to IFRS 16 issued in May 2020, the Group elected to apply the practical expedient not to assess whether a Covid-19 related rent concession from a lessor is a lease modification: in particular, rent discount in the form of forgiveness of lease payment are accounted as a negative variable lease expense in the period when changes in facts and circumstances on which the variable lease payments are based occur. The Group applies this policy consistently to contracts with similar characteristics and in similar circumstances.

FINANCIAL INSTRUMENTS—RECOGNITION AND EVALUATION

A financial instrument is any contract that gives rise to a financial asset for an entity and to a financial liability or equity instrument for another entity.

Financial activities

Initial detection and evaluation

At the time of initial recognition, financial assets are classified, according to the cases, according to the subsequent measurement methods, that is, the amortized cost, the fair value recognized in the OCI comprehensive income statement and the *fair value* recognized in the income statement.

The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model that the Group uses for their management. Apart from trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially assesses a financial asset at its *fair value* plus, in the case of a financial asset not at *fair value* recognized in the income statement, the transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are valued at the transaction price as illustrated in the paragraph Revenue recognition.

In order for a financial asset to be classified and valued at the amortized cost or at the *fair value* recorded in OCI, it must generate cash flows that depend only on the principal and interest on the amount of principal to be repaid (so-called '*solely payments of principal and interest* (SPPI)'). This assessment is referred as an SPPI test and is performed at the instrument level. Financial assets whose cash flows do not meet the above requirements (SPPI) are classified and measured at fair value through profit or loss.

The Group's business model for managing financial assets refers to the way in which it manages its financial activities in order to generate financial flows. The business model determines whether the cash flows will derive from the collection of contractual cash flows, from the sale of the financial assets or from both.

Financial assets classified and measured at amortized cost are owned within the framework of a business model whose objective is the possession of financial assets aimed at collecting contractual cash flows while financial assets that are classified and measured at *fair value* recognized in OCI are owned within the framework of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets.

The purchase or sale of a financial asset that requires its delivery within a period of time generally established by regulation or market conventions (so-called standardized sale or regular way trade) is recognized on the trade date, i.e. the date on which the Group undertook to buy or sell the asset.

Subsequent evaluation

For the purpose of subsequent evaluation, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at *fair value* through the comprehensive income statement with reclassification of accumulated profits and losses (debt instruments);
- Financial assets at *fair value* through the comprehensive income statement without reversing the accumulated profits and losses at the time of elimination (equity instruments);
- Financial assets at *fair value* through profit or loss.

<u>Financial assets at amortized cost (debt instruments)</u>

Financial assets at amortized cost are subsequently valued using the effective interest criterion and are subject to impairment. Gains and losses are recognized in the income statement when the asset is eliminated, modified or revalued.

Financial assets at amortized cost of the Group include trade receivables and certain loans to directors and managers included in other non-current financial assets.

<u>Financial assets at fair value through OCI (debt instruments)</u>

For assets from debt instruments measured at *fair value* through OCI, interest income, changes due to exchange differences and impairment losses, together with write-backs, are recognized in the income statement and are calculated in the same way as the financial assets measured at amortized cost. The remaining changes in *fair value* are recognized in OCI. At the time of elimination, the cumulative change in fair value recognized in OCI is reclassified in the income statement.

At the balance sheet date and in the comparative periods shown, the Group had no activities included in this category.

<u>Investments in equity instruments</u>

Upon initial recognition, the Group may irrevocably choose to classify its equity investments as equity instruments recognized at *fair value* issued in OCI when they meet the definition of equity instruments pursuant to IAS 32 "Financial instruments: Presentation" and are not held for trading. Classification is determined for each individual instrument.

The profits and losses achieved on these financial assets are never transferred to the income statement. Dividends are recognized as other income in the income statement when the right to payment has been approved, except when the Group benefits from such income as a recovery of part of the cost of the financial asset, in which case such profits are recognized in OCI. Equity instruments recognized at *fair value* through OCI are not subject to an impairment test.

At the balance sheet date and in the comparative periods shown, the Group had no activities included in this category.

Financial assets at fair value through profit or loss

Financial instruments at *fair value* with changes recognized in the income statement are entered in the statement of financial position at *fair value* and net changes in *fair value* recognized in the consolidated profit and loss statement for the year.

This category includes derivative instruments which have not been classified as hedging instruments.

The embedded derivative contained in a hybrid non-derivative contract, in a financial liability or in a main non-financial contract, is separated from the main contract and accounted for as a separate derivative, if: its economic characteristics and the risks associated with it are not strictly correlated to those of the main contract; a separate instrument with the same terms as the embedded derivative would satisfy the definition of a derivative; and the hybrid contract is not measured at *fair value* through profit or loss. Embedded derivatives are measured at *fair value,* with the changes in *fair value* recognized in the income statement. A recalculation takes place only if there is a change in the terms of the contract that significantly changes the cash flows otherwise expected or a reclassification of a financial asset to a category other than the *fair value* in the income statement.

Cancellation

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is canceled in the first place (e.g. removed from the statement of financial position of the Group) when:

- the rights to receive cash flows from the asset are extinguished, or
- the Group has transferred the right to receive cash flows from the asset to a third party or has assumed a contractual obligation to pay them in full and without delay and (a) has substantially transferred all the risks and rewards of ownership of the financial asset, or (b) has not transferred or substantially retained all the risks and rewards of the asset, but has transferred control of it.

In cases where the Group has transferred the rights to receive cash flows from an asset or has signed an agreement under which it maintains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the financial flows to one or more beneficiaries (*pass- through*), it assesses whether and to what extent it has retained the risks and benefits inherent in possession. If it has neither transferred nor substantially retained all the risks and benefits or has not lost control over it, the activity continues to be recognized in the Group's financial statements to the extent of its residual involvement in the activity itself. In this case, the Group also recognizes an associated liability. The transferred asset and the associated liability are valued to reflect the rights and obligations that remain the Group's responsibility.

When the entity's residual involvement is a guarantee on the transferred asset, involvement is measured on the basis of the lesser of the amount of the asset and the maximum amount of the consideration received that the entity may have to repay.

Impairment losses

The Group recognizes an *expected credit loss* 'ECL' for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include the cash flows deriving from the enforcement of the collateral held or other credit guarantees which are an integral part of the contractual conditions.

The expected loss is detected you in two phases. With regard to credit exposures for which there has not been a significant increase in credit risk since the initial recognition, it is necessary to recognize the credit losses that derive from the estimate of *default* events that are possible within the following 12 months (12-month ECL). For credit exposures for which there has been a significant increase in credit risk since initial recognition, the expected losses that refer to the residual duration of the exposure must be recognized in full, regardless of when the default event is expected that occurs ("*Lifetime* ECL").

For trade receivables and contract activities, the Group applies a simplified approach in calculating expected losses. Therefore, the Group does not monitor changes in credit risk, but fully recognizes the expected loss at each reference date. The Group has defined a matrix system based on historical information, revised to consider prospective elements with reference to the specific types of debtors and their economic environment, as a tool for determining expected losses.

For assets represented by debt instruments measured at *fair value* through OCI, the Group applies the simplified approach allowed for low credit risk assets. At each balance sheet date, the Group assesses whether the debt instrument is deemed to have low credit risk using all available information that can be obtained without excessive costs or efforts. In making this assessment, the Group monitors the creditworthiness of the debt instrument. In addition, the Group assumes that there has been a significant increase in credit risk when contractual payments have expired for over 30 days.

The Group considers a financial asset in default when contractual payments have expired for 90 days. In some cases, the Group may also consider that a financial asset is in default when internal or external information indicates that the Group is unlikely to recover the contractual amounts entirely before considering the credit guarantees held by the Group. A financial asset is eliminated when there is no reasonable expectation of recovery of the contractual cash flows.

Financial liabilities

Initial detection and evaluation

Financial liabilities are classified upon initial recognition, as financial liabilities at *fair value* through profit or loss, including mortgages and loans, or between the derivatives designated as hedging instruments.

All financial liabilities are initially recognized at *fair value* to which are added, in the case of mortgages, loans and payables, the transaction costs directly attributable to them.

The Group's financial liabilities include trade and other payables, mortgages and loans, including bank overdrafts, reverse factoring liabilities and financial derivative instruments.

Subsequent evaluation

For the purposes of subsequent evaluation, financial liabilities are classified into two categories:

- Financial liabilities at *fair value* through profit or loss
- Financial liabilities at amortized cost (loans and loans)

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at *fair value* with changes recognized in the income statement include liabilities held for trading and financial liabilities initially recognized at *fair value* with changes recognized in the income statement.

Liabilities held for trading are all those assumed with the intention of extinguishing or transferring them in the short term. This category also includes the derivative financial instruments subscribed by the Group which are not designated as hedging instruments in a hedging relationship defined by IFRS 9. The embedded derivatives, separated from the main contract, are classified as financial instruments held for trading unless are designated as effective hedging instruments.

<u>Financial liabilities at amortized cost (loans)</u>

This is the most relevant category for the Group. After initial recognition, the loans are valued with the amortized cost criterion using the effective interest rate method. Gains and losses are recognized in the income statement when the liability is extinguished, as well as through the amortization process.

The amortized cost is calculated by recording the discount or premium on the acquisition and the fees or costs that form an integral part of the effective interest rate. Amortization at the effective interest rate is included in the financial charges in the consolidated profit and loss statement.

This category generally includes interest-bearing loans and interest-bearing loans.

Cancellation

A financial liability is canceled when the obligation underlying the liability is extinguished, canceled or fulfilled. If an existing financial liability is replaced by another of the same lender, at substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is treated as an accounting cancellation of the original liability, accompanied by the recognition of a new liability, with recognition of any differences between book values in the consolidated profit and loss statement for the period.

Offsetting financial instruments

A financial asset and liability can be offset, and the net balance shown in the statement of financial position, if there is a current legal right to offset the amounts recognized in the accounts and there is an intention to pay off the net residual or realize the assets and simultaneously extinguish the liability.

Presentation

The Group presents liabilities that are part of a reverse factoring arrangement as part of trade payables only when those liabilities have a similar nature and function to trade payables. In assessing whether to present reverse factoring liabilities as trade receivables or financial liabilities the Group considers all relevant terms, including additional payment terms obtained with the reverse factoring agreement.

DIVIDENDS

The Parent recognizes a liability against the payment of a dividend when the distribution is properly authorized and is no longer at the discretion of the company. Under company law applicable in Italy, a distribution is authorized when it is approved by the shareholders. The corresponding amount is recognized directly in equity.

REVENUE RECOGNITION

The Group is engaged in the production, distribution and sale of men' and women' footwear, clothing and accessories in the *fashion luxury* market.

Revenues from contracts with customers are recognized when control of the goods and services is transferred to the customer for an amount that reflects the consideration that the Group expects to receive in exchange for these goods or services. The Group generally concluded that it acts as Principal for most of the agreements that generate revenues.

Revenues from the sale of products are recognized when the control of the asset passes to the customer, which for wholesale sales generally coincides with shipping, while for retail sales it is contextual to the delivery of the asset. The usual terms of commercial extension go on average from 30 to 60 days from shipment, see note 12.4.4 for further details.

The Group considers whether there are other promises in the contract that represent *performance obligations* on which a part of the consideration of the transaction must be allocated. In determining the price of the sales transaction, the Group considers the effects deriving from the presence of variable consideration, significant financing components, non-monetary considerations and considerations to be paid to the customer (if any).

If the consideration promised in the contract includes a variable amount, the Group estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the goods to the customer.

The variable consideration is estimated at the time of signing the contract and it is not possible to recognize it until it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, a significant decrease adjustment to the amount of the cumulative revenues that have been accounted for. Some wholesale contracts provide the customer with a right to return the goods within a certain period of time. As regards the right of return, the Group uses the expected value method to estimate the variable consideration in the presence of a large number of contracts that have similar characteristics. The Group therefore applies the requirements on binding estimates of the variable consideration in order to determine the amount of the variable consideration that can be included in the transaction price and recognized as revenue. The right to return an activity (and the corresponding adjustment of the cost of sales) is also recognized for the right to receive the goods from the customer. The right of return activity represents the right of the Group to recover the goods that are expected to be returned by customers. The asset is valued at the previous book value of inventories net of any recovery costs, including possible reduction in the value of the returned products. The Group periodically updates the estimate with reference to the expected amount of returns from customers, as well as any further reductions in value of the returned products. The refund liability represents the obligation to repay part or all of the consideration received (or to be received) from the customer and is assessed on the basis of the value that the Group expects to have to return to the customer. The Group updates its estimates of repayment liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

A receivable is recognized when the consideration is due unconditionally by the customer (i.e., it is only necessary for the time to elapse before payment of the consideration is obtained). Please refer to the paragraph Financial instruments—initial recognition and subsequent evaluation.

The contractual liability is an obligation to transfer to the customer goods or services for which the Group has already received the consideration (or for which a portion of the consideration is due). The contractual liability is recognized if the payment has been received or the payment is due (whichever comes first) by the customer before the Group has transferred control of the goods or services to him. Liabilities deriving from the contract are recognized as revenues when the Group satisfies the performance obligation in the related contract (i.e. control of the goods or services has been transferred to the customer).

5 SIGNIFICANT ACCOUNTING PRINCIPLES

INCOME TAXES

Current taxes

Current tax assets and liabilities for the year are recognized for the amount expected to be recovered or paid to the tax authorities. The rates and tax legislation used to calculate the amount are those issued, or substantially in force, at the balance sheet date in the countries where the Group operates and generates its taxable income.

Current taxes relating to items recognized directly in equity are also recognized in equity and not in the consolidated profit and loss for the period. The Management periodically evaluates the position taken in the tax return in cases where the tax rules are subject to interpretation and, where appropriate, accrues a provision.

Direct taxes for the year are recorded based on the estimate of taxable income, in accordance with the provisions of the law and the rates in force, taking into account any applicable exemptions. The tax payable is recognized in the item Tax payables net of advances paid, withholdings and tax receivables.

Deferred taxes

Deferred taxes are calculated by applying the so-called "*liability method"* to the temporary differences at the balance sheet date between the tax values of the assets and liabilities and the corresponding balance sheet values.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not affect the balance sheet result or the tax result;

- the reversal of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures can be controlled, and it is likely that it will not occur in the foreseeable future.

Deferred tax assets are recognized against all deductible temporary differences, unused tax credits and losses that can be carried forward, to the extent that it is probable that enough future taxable income will be available, which could allow the use of the differences, temporary deductible and tax credits and losses carried forward, except in cases where:

- the deferred tax asset connected to the deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not affect the balance sheet result, nor the tax result;

- in the case of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognized only to the extent that it is probable that they will be reversed in the foreseeable future and that there will be enough taxable income that will allow the recovery of such temporary differences.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that enough taxable income will be available in the future to allow the use of this credit in whole or in part. Deferred tax assets not recognized are reviewed at each balance sheet date and are recognized to the extent that it becomes probable that the taxable income will be enough to allow the recovery of these deferred tax assets.

Deferred tax assets and liabilities are measured on the basis of the tax rates expected to be applied in the year in which these assets will be realized, or these liabilities will be extinguished, considering the rates in force and those already issued, or substantially in force, on the date budget.

Deferred taxes relating to items recognized outside the income statement are also recognized outside the income statement and, therefore, in shareholders' equity or in the comprehensive income statement, consistently with the element to which they refer.

Tax benefits acquired after a business combination, but which do not meet the criteria for separate recognition on the acquisition date, are eventually recognized subsequently, when new information is obtained on changes in facts and circumstances. The adjustment is recognized as a reduction in goodwill (up to the value of the goodwill), if it is recognized during the measurement period, or in the income statement, if recognized later.

The Group compensates deferred tax assets and deferred tax liabilities if and only if there is a legal right that allows to offset current tax assets and current tax liabilities and deferred tax assets and liabilities refer to income taxes due to the same tax authority by the same person taxpayer or from different taxpayers who intend to pay the current tax assets and liabilities on a net basis or to realize the asset and pay the liability simultaneously, with reference to each future period in which the deferred tax assets and liabilities are expected to be paid or recover.

Indirect taxes

Costs, revenues, assets and liabilities are recognized net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognized as part of the purchase cost of the asset or part of the cost recognized in the income statement;

- trade receivables and payables include the applicable indirect tax.

The net amount of indirect taxes to be recovered or paid to the tax authorities is included in the balance sheet under receivables or payables.

FOREIGN CURRENCIES

The consolidated financial statements are presented in euros which is the functional and presentation currency adopted by the parent. Each Group company defines its own functional currency, which is used to measure the items included in the individual financial statements. The Group uses the direct consolidation method; the profit or loss reclassified in the consolidated profit and loss statement at the time of the sale of a foreign subsidiary represents the amount that emerges from the use of this method.

Operations and balances

Foreign currency transactions are initially recognized in the functional currency, applying the spot exchange rate on the date of the transaction.

Monetary assets and liabilities, denominated in foreign currency, are converted into the functional currency at the exchange rate at the balance sheet date.

The exchange differences realized or those deriving from the conversion of monetary items are recognized in the income statement, with the exception of the monetary elements which form part of the hedging of a net investment in a foreign operation. These differences are recognized in the comprehensive income statement up to the disposal of the net investment, and only then is the overall amount reclassified in the income statement. Taxes attributable to exchange rate differences on those monetary elements are also recognized in the statement of comprehensive income.

Non-monetary items valued at historical cost in foreign currency are converted at the exchange rates on the date of initial recognition of the transaction. Non-monetary items recognized at *fair value* in foreign currency are converted at the exchange rate on the date of determination of this value. The profit or loss that emerges from the conversion of non-monetary items is treated consistently with the recognition of the profits and losses relating to the change in the *fair value* of the aforementioned items (i.e. the translation differences on the items whose change in the *fair value* is recognized in the comprehensive income statement or in the income statement are recognized in the overall income statement or in the income statement, respectively).

In determining the spot exchange rate to be used at the time of initial recognition of the related asset, cost or revenue (or part of it) upon cancellation of a non-monetary asset or non-monetary liability relating to the advance payment, the date the transaction is the date on which the Group initially recognizes the non-monetary asset or the non-monetary liability resulting from the advance payment. If there are multiple payments or advances, the Group determines the transaction date for each payment or advance.

Group company

At the balance sheet date, the assets and liabilities of the Group companies are converted into Euro at the exchange rate on that date, revenues and costs of each statement of comprehensive income or separate income statement presented are converted at the exchange rates on the date of the transactions. The exchange differences arising from the conversion are recognized in the statement of comprehensive income. Upon the disposal of a foreign operation, the part of the comprehensive income statement referring to this foreign management is reclassified to the consolidated profit and loss statement.

The goodwill deriving from the acquisition of a foreign operation and the adjustments to the *fair value* of the book values of assets and liabilities deriving from the acquisition of that foreign management, are accounted for as assets and liabilities of the foreign operation and therefore are expressed in the functional currency of the foreign operations and converted at the year-end exchange rate.

DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

Initial recording and subsequent evaluation

The Group uses derivative financial instruments including forward currency contracts, interest rate *swaps* and forward contracts to hedge their currency exchange rate risks and interest rate risks. These derivative financial instruments are initially recorded at *fair value* on the date on which the derivative contract is signed and, subsequently, they are measured again at *fair value*. Derivatives are accounted for as financial assets when the *fair value* is positive and as financial liabilities when the *fair value* is negative.

For *hedge accounting purposes,* hedges are of three types:

- *fair value* hedge in the event of hedging the exposure against changes in the *fair value* of the recognized asset or liability or irrevocable commitment not entered;

- *cash flow* hedge in the event of hedging the exposure against the variability of the cash flows attributable to a particular risk associated with all the assets or liabilities recognized or to a highly probable planned transaction or the risk of foreign currency on an irrevocable commitment not entered;

- hedging a net investment in a foreign operation.

At the start of a hedging transaction, the Group formally designates and documents the hedging relationship, to which it intends to apply *hedge accounting*, its objectives in risk management and the strategy pursued.

The documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk and the ways in which the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of the sources of ineffectiveness of the coverage and how the coverage ratio is determined). The hedging relationship meets the eligibility criteria for hedge accounting if it meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;

- the effect of credit risk does not prevail over the changes in value resulting from the aforementioned economic relationship;

- the hedging ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and from the quantity of the hedging instrument that the Group actually uses to hedge this quantity of hedged item.

Transactions that meet all the qualifying criteria for hedge accounting are accounted for as follows:

<u>Fair value hedges</u>

The change in the *fair value* of hedging derivatives is recognized in the consolidated profit and loss statement for the period among other costs. The change in the *fair value* of the hedged item attributable to the hedged risk is recognized as part of the carrying amount of the hedged item and is also recognized in the consolidated profit and loss statement for the period in other costs.

As regards *fair value* hedges referring to elements accounted for according to the amortized cost criterion, each adjustment of the book value is amortized in the consolidated profit and loss statement for the period along the residual period of the hedge using the interest rate method. effective interest (TIE). The amortization thus determined can begin as soon as an adjustment exists but cannot extend beyond the date on which the hedged item ceases to be adjusted due to the changes in *fair value* attributable to the hedged risk.

If the hedged item is derecognized, the unamortized *fair value* is immediately recognized in the consolidated profit and loss statement for the period.

When an irrevocable unrecorded commitment is designated as a hedged item, subsequent cumulative changes in its *fair value* attributable to the hedged risk are accounted for as assets or liabilities and the corresponding profits or losses recognized in the consolidated profit and loss statement for the period.

<u>Cash flow hedging</u>

The portion of profit or loss on the hedged instrument, relating to the effective hedging part, is recognized in the statement of other components of the comprehensive income statement in the *cash flow hedge* reserve, while the non-effective part is recognized directly in the consolidated profit and loss statement for the period. The cash flow hedge reserve is adjusted to the lesser of the cumulative gain or loss on the hedging instrument and the cumulative change in the *fair value* of the hedged item.

The Group uses forward currency contracts to hedge its exposure to exchange rate risk relating to both expected transactions and already established commitments. The ineffective part of the forward currency contracts is recognized among Selling and distribution expenses. Please refer to Note 12 for further details.

The Group only designates the spot component of forward contracts as a hedging instrument. The *forward* component is cumulatively recognized in OCI in a separate item.

The amounts accumulated among other components of comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently involves the recognition of a non-financial component, the amount accumulated in equity is removed from the separate component of equity and included in the cost or other carrying amount of the hedged asset or liability. This is not considered a reclassification of the items recognized in OCI for the period. This also applies in the case of a scheduled hedged transaction of a non-financial asset or a non-financial liability which subsequently becomes an irrevocable commitment to which the accounting of *fair value* hedging transactions is applied.

For any other cash flow hedge, the amount accumulated in OCI is reclassified in the income statement as a reclassification adjustment in the same period or in the periods during which the hedged cash flows impact the income statement.

If cash flow hedge accounting is interrupted, the amount accumulated in OCI must remain that amount if it is expected that future cash flow hedges will occur. Otherwise, the amount must be immediately reclassified in the consolidated profit and loss statement for the period as a reclassification adjustment. After suspension, once the hedged cash flow occurs, any remaining accumulated amount in OCI must be accounted for according to the nature of the underlying transaction as previously described.

<u>Hedging a net investment in a foreign operation</u>

The hedges of a net investment in a foreign operation, including the hedges of a monetary item accounted for as part of a net investment, are accounted for in a similar way to the cash flow hedges. The gains or losses of the hedging instrument are recorded among the other components of the comprehensive income statement for the effective part of the hedge, while the remaining (non-effective) part is recognized in the consolidated profit and loss statement for the period. Upon disposal of the foreign business, the cumulative value of these total profits or losses is transferred to the consolidated profit and loss statement for the period.

Fair value determination

The Group evaluates financial instruments such as derivatives at *fair value* at each balance sheet date.

The *fair value* is the price that you would receive for the sale of an asset, or that would be paid to transfer a liability in a regular transaction between market participants at the measurement date. A *fair value* measurement assumes that the sale of the asset or the transfer of the liability takes place:

- in the main market of the asset or liability; or
- in the absence of a main market, in the most advantageous market for the asset or liability.

The main market or the most advantageous market must be accessible for the Group.

The *fair value* of an asset or liability is measured by adopting the assumptions that market operators would use in determining the price of the asset or liability, assuming that they act to best satisfy their economic interest.

An assessment of the *fair value* of a non-financial asset considers the ability of a market operator to generate economic benefits by using the asset in its maximum and best use or by selling it to another market operator who would use it in its maximum and best use.

The Group uses valuation techniques that are suitable for the circumstances and for which there is sufficient data available to measure *fair value*, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All the assets and liabilities for which the *fair value* is valued or shown in the financial statements are categorized according to the *fair value* hierarchy, as described below:

- Level 1—prices quoted (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date;
- Level 2—Inputs other than the listed prices included in Level 1, observable directly or indirectly for the asset or liability;
- Level 3—valuation techniques for which the input data are not observable for the asset or liability.

The *fair value* measurement is classified entirely in the same level of the *fair value* hierarchy in which the lowest level hierarchy input used for the measurement is classified.

For the assets and liabilities recognized in the financial statements at *fair value* on a recurring basis, the Group determines whether transfers have occurred between the levels of the hierarchy by reviewing the categorization (based on the lowest level input, which is significant for the purposes of *fair* evaluation *value* in its entirety) at each balance sheet date.

The Group Financial Management determines the criteria and procedures for measuring *fair value*.

External experts are involved in the evaluation of significant assets and liabilities. The selection criteria include knowledge of the market, reputation, independence and compliance with professional standards.

At each balance sheet date, the Group's Financial Department analyzes the changes in the values of assets and liabilities for which, based on the Group's accounting principles, remeasurement or re-assessment is required.

For this analysis, the main inputs applied in the most recent valuation are verified, linking the information used in the valuation to contracts and other relevant documents.

The Group's Financial Management makes a comparison between each change in the *fair value* of each asset and liability and the relevant external sources, in order to determine whether the change is reasonable.

For the purposes of disclosure relating to *fair value*, the Group determines the classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the *fair value* hierarchy as previously illustrated.

6 ACCOUNTING STANDARDS AND INTERPRETATIONS WITH APPLICATION FROM JANUARY 1, 2020

The principles and interpretations which, at the date of preparation of the Group's consolidated financial statements, had already been issued but were not yet in force, are illustrated below. The Group intends to adopt these principles and interpretations, if applicable, when they come into force.

The accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning on January 1, 2020 are as follows:

– Amendments to IFRS 16 Covid-19 Related Rent Concessions;

– Amendments to References to the Conceptual Framework in IFRS Standards;

– Amendments to IAS 1 and IAS 8: Definition of “Material”;

– Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform;

– Amendments to IFRS 3—Definition of a Business.

Except for the Amendments to IFRS 16, the application of the other interpretations and amendments listed above did not affect the Group’s financial statements to an extent requiring mention in these notes.

On May 28, 2020 IASB issued the Amendments to IFRS 16 (“Covid-19—Related Rent Concessions—Amendment to IFRS 16”). The Amendments allows lessees to recognize COVID-19 relief in term of forgiveness of lease payments without assessing whether these rent concessions meet the conditions of lease modifications under IFRS 16. The lessees who apply this option may recognize the reduction in lease payments directly in the income statement as of the date on which the relief takes effect.

More in detail, this amendment is applicable only if the new agreements are a direct consequence of COVID-19 and only if the following conditions are satisfied:

– the change in lease payments results in revised consideration that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

– any reduction in lease payments affects only payments originally due on or before 30 June 2021;

– there are no substantive changes to other terms and conditions of the lease.

All accounting standards, amendments and interpretations issued by IFRS and IFRIC for mandatory adoption in financial statements as of December 31, 2020 have been endorsed by the European Union.

6 ACCOUNTING STANDARDS AND INTERPRETATIONS WITH APPLICATION FROM JANUARY 1, 2020

The accounting IFRS standards, amendments and interpretations not yet endorsed by the European Union include:

- "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" issued by IASB on January 23, 2020. The amendments will take effect on January 1, 2023;
- "Amendments to IFRS 3 Business Combinations", "Amendments to IAS 16 Property, Plant and Equipment", "Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets" and "Annual Improvements 2018-2020" issued by IASB on May 14, 2020. All of the amendments will take effect on January 1, 2022.
- "Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies" issued by IASB on February 12, 2021. The amendments will take effect on January 1, 2023
- "Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates" issued by IASB on February 12, 2021. The amendments will take effect on January 1, 2023
- "Proposed amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond June 30, 2021" issued by IASB on February 11, February 2021. The amendments will take effect on April 1, 2021.

The Directors are currently assessing the impact that the introduction of these amendments might have.

7 SIGNIFICANT ESTIMATES AND ASSUMPTIONS

Impairment of non-financial assets

At each balance sheet date, the Group checks whether there are indicators of impairment in value for all non-financial assets that require an impairment test; in any case, at least annually, goodwill and intangible assets with an indefinite useful life are subjected to impairment tests. If the asset is impaired, the book value is aligned with the recoverable amount. An impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the greater of its fair value less costs to sell and its value in use. The fair value less selling costs is the amount obtainable from the sale of an asset or a cash-generating unit in a free transaction between knowledgeable and willing parties, less the costs of the disposal. The calculation of the value in use is based on a model of discounting of cash flows. Cash flows are derived from the budget of the following 5 years and do not include restructuring activities for which the Group has not yet committed or significant future investments which will increase the results of the activity included in the cash flow generating unit subject to rating. The recoverable amount depends significantly on the discount rate used in the discounting model of the cash flows, as well as on the cash flows expected in the future and on the growth rate used for the extrapolation. The key assumptions used to determine the recoverable amount for the various cash flow generating units are described in detail in Note 9.

Lease—Estimate of the incremental borrowing rate

The Group cannot easily determine the implicit interest rate of most rental contracts and therefore uses the incremental borrowing rate (IBR) to measure the lease liability. The incremental borrowing rate is the interest rate that the lessee should pay for a loan, with a duration and with a similar security, necessary to obtain an asset of similar value to the asset consisting of the right of use in a similar economic context. The IBR therefore reflects the rate that the Group would have to pay, and this requires the company to estimate when data are not observable or when rates need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable data (such as market interest rates), if available, and making entity-specific estimates on credit ratings.

Significant judgment in determining the lease term of contracts that contain an extension option

The Group determines the duration of the lease as the non-cancellable period of the lease to which must be added both the periods covered by the lease extension option, if there is reasonable certainty to exercise this option, and the periods covered by the lease option termination of the lease if there is reasonable certainty not to exercise this option. The Group has the possibility, for some of its leases, to extend the lease for a further period mostly between three to five years.

The Group applies its judgment in assessing whether there is reasonable certainty to exercise the renewal. Having said that, the Group considers all the factors identified that may entail an economic incentive to exercise the renewal. After the commencement date, the Group re-evaluates the duration of the lease in the event that a significant event or significant change occurs in circumstances that are under its control and which may affect the ability to exercise (or not to exercise) the renewal option (for example, a change in business strategy). The Group included the renewal period as part of the duration of the property rents given the significance of these activities in its operations. These leases have a relatively short non-cancellable period (three to six years), and in the case of replacement of assets not immediately available, there will be a significantly negative effect on the Group's operations. The renewal options for vehicle leases have not been included in the determination of the duration of the lease, as the Group has a leasing policy for vehicles for a period not exceeding five years and therefore will not exercise any renewal option.

Application of the amortized cost method

Financial instruments measured using the amortized cost method require that the Group periodically review its estimates of future cash flows, for example in the event that a loan is expected to be repaid earlier than the due date. This revision of the estimate involves the recalculation of the book value of the financial instrument based on the discounted cash flows redetermined using the effective interest rate calculated on initial recognition. The difference that arises from the change in the value of the liability due to the revision of the estimate is recognized in the consolidated profit and loss statement of the year.

Deferred tax assets

Deferred tax assets are recognized in accordance with IAS 12. A discretionary assessment is required from the Directors to determine the amount of deferred tax assets that can be accounted for. They must estimate the probable temporal manifestation and the amount of future tax profits, as well as a planning strategy for future taxes. The carrying amount of deferred tax assets is provided in note n. 35.

Provisions for provisions for risks and charges

The Directors make estimates for the evaluation of risks and charges. In particular, the Directors made use of estimates and assumptions in determining the degree of probability of occurrence of an effective liability and, in the event that the risk was assessed as probable, in determining the amount to be set aside for the identified risks.

Revenue recognition—Estimate of the variable fee for returns

The Group has developed a statistical model for forecasting returns on sales. The model uses the historical return data by season in order to quantify the expected return percentages. These percentages are then applied to determine the expected value of the variable consideration. Any significant change compared to the historical model will affect the expected return percentages estimated by the Group.

Employee benefits

The book value of the defined benefit plans in the financial statements is determined using actuarial valuations, which require the development of assumptions about the discount rates, the expected rate of return on loans, future salary increases, mortality rates and the future increase in pensions. The Group believes that the rates estimated by the actuaries for the valuations at the year-end date are reasonable, but it cannot be excluded that future significant changes in rates may have significant effects on the liability recorded in the financial statements. Further details are provided in Note n. 21.

Write-down provision

The value of inventories is adjusted for the risks associated with the slow turnover of some types of raw materials and consumables.

Allowance for doubtful accounts

The allowance for doubtful accounts reflects the estimate of Expected Credit Loss over the entire life of the trade receivables recorded in the financial statements and not covered by any credit insurance. This estimate considers the historical information available to the Group and the expectations on future economic conditions.

The matrix is based initially on the Group's observed historical default rates. The Group will calibrate the matrix to refine the historical data on credit losses with forecast elements. For example, if the expected economic conditions (e.g. gross domestic product) are expected to deteriorate the following year, this may lead to an increase in the number of defaults in a given geographic market, historical default rates are therefore adjusted. At each reporting date, historical default rates are updated and changes in estimates on forecast items are analyzed.

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in the circumstances and expected economic conditions. The historical experience of the Group's credit losses and the forecast of future economic conditions may also not be representative of the customer's actual insolvency in the future. Information on the ECL on trade receivables and on to the Group's contract activities are given in Note 12.

8 BUSINESS COMBINATION

On June 16, 2020 Astrum 3 S.p.A. acquired the 100% of Sneakers Maker S.p.A., the holding company of the Golden Goose group, a non-listed Italian fashion company.

For accounting purposes, in accordance with IFRS 3, the convenience date of completion of the acquisition has been designated on July 1, 2020, having assessed that events between the "convenience" date and the actual acquisition date do not result in material changes in the amounts recognized.

The fair values of the identifiable assets and liabilities as at the date of acquisition, were:

(Euro thousand)	July 1, 2020
Intangible assets	913,062
Tangible assets	33,792
Right of use assets	88,711
Deferred tax asset	13,682
Non-current financial assets	1,205
Other non-current assets	5,168
Non-current assets	**1,055,620**
Inventories	53,857
Accounts receivable	27,415
Current Tax assets	6,595
Other current non-financial assets	4,627
Current financial assets	958
Cash and cash equivalents	110,046
Current assets	**203,498**
Total Assets	**1,259,118**
Minority shareholders' equity	**83**
Provisions for severance indemnities	(1,369)
Deferred tax liabilities	(252,116)
Non-current Provisions for risks and charges	(393)
Non-current financial liabilities	(73,036)
Other non-current debt	(135)
Non-current liabilities	**(327,048)**
Trade payables	(45,873)
Other current non-financial liabilities	(7,457)
Current Tax liabilities	(17,796)
Current provisions for risks and charges	(3,587)
Current financial liabilities	(346,215)
Current liabilities	**(420,928)**
Total liabilities and minorities	**(747,894)**
Total identifiable net asset at fair value	**511,225**
Goodwill arising on acquisition	545,108
Purchase consideration transferred	**1,056,332**

The net assets recognized are based on a provisional assessment of their fair value.

Current financial liabilities include the intercompany loan granted by Astrum 3 to Golden Goose and used to settle financial liabilities existing in June 16, 2020 at the closing date, as better described in Note 12.4.5.

The consideration transferred includes Euro 1,053,078 thousand paid in cash, plus Euro 3,254 thousand as the fair value of the contingent financial liabilities incurred in the business combination. The net cash outflow amounts to

Euro 991.668, equals to the consideration paid in cash (Euro 1,053,078 thousand) less Euro 110,046 thousand of cash acquired in the business combination, plus Euro 48,635 thousand (the intercompany loan, from Astrum 3 to Golden Goose, for the amount exceeding the amount employed for extinguish the financial liabilities existing on June 16, 2020, the closing date, and so included in the amount of cash presented in the table above on July 1, 2020, as better described in Note 12.4.5). Net expenses for the acquisition amount to Euro 17,532 thousand, inclusive of Euro 2,000 thousand charged back to the seller) and are classified as "General and Administration expenses"; cash outflows related to these expenses are included in the cash flows from operating activities.

The fair value of the trade receivables amounts to Euro 27,415 thousand. The gross amount of trade receivables is Euro 30,696 thousand and it is expected that the full contractual amounts can be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities less the impairment loss for a specific shop in China.

Intangible assets mainly refers to the identified trademark "Golden Goose" (Euro 702,900 thousand and with an indefinite useful life), the Customer relationship (Euro 182,100 thousand, with an estimated useful life of 15 years) and the acquired backlog (Euro 11,900 thousands, that will be entirely depreciated in 2020). A description of the valuation technique and inputs considered in this valuation, is included in Note 9.

The deferred tax liability mainly comprises the tax effect of the abovementioned purchase price allocation to intangible assets for Euro 250,235 thousand.

The goodwill arises from the expected growth of the luxury market where the Group operates. The Group is still evaluating with an advance tax ruling if it's possible to pay a substitute tax (with a 3% rate on the tax base realigned) that would allow the tax deduction for that part of the goodwill and trademark that was previously recognized in the 2019 financial statement of the acquiree. The acquisition has been accounted considering both assets as not tax deductible. The goodwill has been provisionally allocated to a single CGU representing the entire Group.

From the date of acquisition, Golden Goose contributed Euro 156,296 thousand of revenue. Had the business combination taken place at January 1, 2020, Group revenues would have been 265,888 thousand.

9 INTANGIBLE ASSETS

The breakdown and movements of intangible assets for the period are as follows.

Description	Astrum 3 March 3, 2020	Business combination	Increases	Amortization	Impairment	Reclassification	Cost Dec. 31, 2020	Accumulated depreciation Dec. 31, 2020	Book value Dec. 31, 2020
Trademark and patents	—	703,417	208	(19)			703,709	(104)	703,606
Concessions, licenses, software and similar rights	—	7,498	2,112	(1,908)		248	13,334	(5,385)	7,950
Key Money	—	5,050		(415)	(32)		8,581	(3,978)	4,603
Goodwill	—	545,108	1	0			545,108		545,108
Backlog	—	11,900	(0)	(11,900)			11,900	(11,900)	0
Customer Relationships	—	182,100	(0)	(6,106)			182,100	(6,106)	175,994
Intangible assets in progress and payments on account	—	2,978	1,564	0		(248)	4,294		4,294
Other intangible fixed assets	—	121	(1)	(64)			157	(101)	56
Total	**0**	**1,458,171**	**3,884**	**(20,413)**	**(32)**	**0**	**1,469,184**	**(27,574)**	**1,441,610**

Trademark and patents

The amount mainly relates to the value relating to the "Golden Goose Deluxe Brand" brand, recognized in the price allocation following the Group acquisition occurred during the period. The value attributed to the brand, equal to Euro 702,900 thousand, was assigned by the Directors on the basis of an appraisal carried out by an independent firm which applied the royalty relief method using a royalty rate of 11.5%, consistent with a panel of comparable brands, and using a discount rate (WACC) of 9.9% and taking into account the tax amortization benefit. The useful life of such *asset* has been identified as indefinite.

As of December 31, 2020, the Group carried out an impairment test for the brand value, and the recoverable amount was estimated determining the brand fair value using a WACC of 9.8% and a royalty rate of 11.5%. No impairment loss was identified.

Concessions, licenses, software and similar rights

This category mainly includes the costs incurred for the acquisition and implementation of company information systems and the website for e-commerce. The increases refer to licenses on software programs related to the upgrade and customization of the company management software.

Key Money

The account has a net book value at December 31, 2020 of Euro 4,603 thousand and includes consideration (*Key Money)* paid by Group companies to take over contracts referred to commercial real estate located in prestigious places within the opening of owned stores. These amounts also include the initial direct costs incurred for the negotiation and finalization of property leasing contracts. The capitalization of these costs takes place because of the expected incremental revenues deriving from the possibility of operating, in fact, in prestigious locations. *Key Money* is amortized over the lease term. At the financial statement date, no impairment indicators were identified for *Key money*.

Intangible assets in progress and payments on account

The item mainly includes expenses incurred by the parent Golden Goose S.p.A. for the redevelopment costs of the properties at December 31, 2020. The assets still in progress are expected to be ready for the intended use in 2021.

Reclassification to the period refers to expenses better classified as tangible assets.

Customer relationship

Customer relationship has been recognized following the purchase price allocation after the acquisition of Golden Goose occurred during the period. The asset value (Euro 182,100 thousand) was assigned by the Directors on the basis of an appraisal carried out by an independent firm which estimated the value applying the attrition rate (6.7%, based on the average loss rate per year of wholesale customers served by Golden Goose five years ago) and considering a 15-year period, using 10.9% as discount rate (equal to the WACC, used for the trademark appraisal, increased by an additional premium of 1%) and considering the tax amortization benefit. The asset is amortized over a 15-year period.

Backlog

The Backlog has been recognized following the purchase price allocation after the acquisition of Golden Goose occurred during the period and is calculated considering the average margin on sales generated by the order backlog existing at the acquisition date, plus the tax amortization benefit. The entire value (Euro 11,900 thousand) has been amortized during the period.

Goodwill—impairment test

Goodwill has been determined as the residual value after allocating the consideration paid for the acquisition of the Golden Goose group to all identifiable assets and liabilities, for a value of Euro 545,108 thousand.

The recoverable value of the single cash flow generating unit was determined based on a calculation of the value in use.

As at December 31, 2020 the impairment test has been carried out allocating the goodwill at the higher level represented by the entire Group and using the business plan used also for the purchase price allocation (as updated by the 2021 budget approved by the Board on December 17, 2020), considering that the second half of 2020 (i.e. the 6-month period after the acquisition) the Group outperformed the plan. The WACC applied is 9.8%, with a G rate of 1.9%, equal to weighted expected the long-term inflation rate. The recoverable amount was determined as value in use.

No impairment loss has been identified for the goodwill.

We report the financial parameters that would reduce the Enterprise Value the Group's net invested capital at the reporting date:

- Operating cashflows, including the terminal value: −15.0%
- Increase to the WACC: +119 bps;
- Decrease of the G rate: −172 bps.

10 Right of use

The breakdown and movements of right of use assets and the related liabilities for the period are as follows.

	Buildings	Cars	Electronic machines	Total rights of use	Liabilities for rights of use
Book value as of March 3, 2020	**0**	**0**	**0**	**0**	**0**
Business combination	88,290	408	13	**88,711**	(88,948)
Increases for new contracts	21,892	0	0	**21,892**	(21,892)
Depreciation for the period	(9,067)	(104)	(4)	**(9,175)**	
Write-downs	(3,609)	0	0	**(3,609)**	
Remeasurements, contractual amendments and early terminations	311	0	0	**311**	(311)
Accrued interest				**0**	(1,537)
Rent relief accounted as negative variable lease payments				**0**	1,108
Payments				**0**	8,938
Exchange rate effect	(3,941)	0	0	**(3,941)**	3,967
Book value as of December 31, 2020	**93,875**	**305**	**9**	**94,189**	**(98,675)**

These changes in rights of use mainly relate to the new property rental contracts entered, the depreciation for the period of Euro 9,175 thousand. The liability for rights of use increased by Euro 21,892 in relation to the new leases and by Euro 1,537 thousand for interest expense of the period. New contracts refers for Euro 13,689 thousand to the lease agreement entered for a building were the new headquarters in Milan, and other Euro 6,082 thousand refers to new contracts for shops based in US. Repayments for the period amounted to Euro 8,938 thousand. During the period lessors granted to the Group rent relief in form of payment forgiveness for Euro 1,108 thousand, accounted as negative variable lease payment, according to the Amendment of IFRS 16.

Write-downs refers to four shops, two in Europe and two in Asia, where the Group is evaluating to close the shops due to the impact of Covid-19.

Many rental contracts related to commercial buildings provide variable payments linked to the sales of the shops. At the reference date, there are no contracts in existence that offer guarantees for the residual value or commitments for contracts that have not yet started.

The Group makes use of property rental contracts in order to obtain the availability of the premises where its business is carried out; these contracts provide for extension and termination options in accordance with what is normally meant by commercial practice. At the balance sheet date, none of the assets consisting of the user right meets the definition of real estate investment.

The Group has no sub-leasing contracts in place. During the year, no sales and leaseback transactions were carried out.

Amounts recognized in the consolidated profit and loss for the period are as follows:

(Euro thousand)	For the period ended December 31, 2020
Depreciation of assets for the right of use	9,175
Write-down of right of use assets	3,609
Interest expense on leasing	1,537
Rent relief accounted as negative variable lease payments	(1,108)
Rental costs—variable rents	4,689
Total effects recorded in the income statement	**17,901**

The total outgoing cash flows relating to the leasing of the Group is Euro 13,626 thousand for the period ended December 31, 2020. In addition, new contracts entered by the Group during the period originated an increase of rights of use assets for Euro 21,892 thousand for the period ended December 31, 2020 and of rights of use liabilities for Euro 21,892 thousand for the period ended December 31, 2020.

11 Tangible assets

The breakdown and movements of tangible assets for the period are as follows.

Description	Astrum 3 March 3, 2020	Business combination	Increases	Depreciation	Impairment	Reclassification	Cost Dec. 31, 2020	Accumulated depreciation Dec. 31, 2020	Book value Dec. 31, 2020
Land and buildings	—	464	1	(8)		0	503	(46)	457
Plant and machinery	—	323	69	(28)		57	842	(421)	421
Industrial and commercial equipment	—	635	705	(153)	(15)	0	2,427	(1,255)	1,172
Other tangible assets	—	31,821	6,509	(4,138)	(897)	0	51,649	(18,354)	33,295
Assets in progress and payments on account	—	549	1,236	0		(57)	1,728	0	1,728
Total	**0**	**33,792**	**8,520**	**(4,327)**	**(912)**	**0**	**57,149**	**(20,076)**	**37,073**

The "Land and Buildings" category refers to a property owned by the Group used as a company guesthouse.

The item "Plant and Machinery" contains the values relating to investments in air conditioning and lighting systems for the Marghera offices.

The "Industrial and commercial equipment" refer mainly to the purchase of forms and molds to produce footwear, commercial equipment for the Milan store, equipment and fittings for trade shows and photo shoots and fittings for *corner shops* and *showrooms*.

11 TANGIBLE ASSETS

The item "Other tangible assets" includes the office and shops' furniture, motor vehicles, electronic office equipment and leasehold improvements. In particular, the leasehold improvements increase at December 31, 2020 amounted to Euro 6,509 thousand and mainly refer to the costs incurred for the renovation of the buildings where the Group carries out its main activity in Marghera (via dell'Atomo 8 and via dell'Elettricità 6), the relocation of the headquarter in Milan (via Marelli 10) and the charges deriving from the renovation of the premises of the shops and *showrooms*.

The item "Assets in progress and payments on account" refer to advances on renovations of the aforementioned offices.

Impairment recorded during the period refers to the four shops for which the Group is evaluating their closure, already commented in the paragraph "Right of use".

12 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The breakdown of the financial instruments as of December 31, 2020 is as follows.

FINANCIAL ASSETS

(Euro thousand)	December 31, 2020
Financial assets at fair value with changes recognized in the income statement	
Derivatives—non-hedging component	
Derivatives designated as hedging instruments	
Forward foreign exchange contracts (see Note 12.1)	915
Financial assets valued at amortized cost	
Accounts receivables (see Note 16)	33,707
Other current financial assets (see Note 12.2)	4,879
Other non-current financial assets (see Note 12.2)	54
Loans to employees (see Note 12.2)	667
Total financial assets *	**40,222**
** Financial assets, other than cash and short-term deposits*	
Total current portion	**39,501**
Total non-current part	**721**

FINANCIAL LIABILITIES

	December 31, 2020
Financial liabilities at fair value with changes recognized in the income statement	
Contingent consideration from the business combination—current	994
Contingent consideration from the business combination—non-current	2,321
Derivatives designated as hedging instruments	
Forward foreign exchange contracts (see Note 12.1)	
Financial liabilities valued at amortized cost	
Trade payables (see Note 24)	64,338
Reverse factoring liabilities (see Note 12.4.5)	13,172
Payables to banks—current	26,137
Payables to banks—non-current	458,757
Current leasing liabilities (see Note 10 and 12.4.5)	15,350
Non-current lease liabilities (see Note 10 and 12.4.5)	83,327
Other financial liabilities—current	128
Total financial liabilities	**664,523**
Total current portion	**120,118**
Total non-current portion	**544,405**

The classification of financial instruments from the perspective of IFRS 9 is transversal to various items of the consolidated statement of financial position.

Fair value measurement and related hierarchical evaluation levels

Most of the financial assets and liabilities outstanding are short-term items or mid-term liabilities entered during 2020: due to this the book value is considered a reasonable approximation of the *fair value*.

Management has verified that the *fair value* of cash and cash equivalents and short-term deposits, trade receivables and payables, bank overdrafts and other current liabilities approximates the book value as a consequence of the short-term maturities of these instruments.

The following methods and assumptions have been used to estimate *fair value*:

- Long-term loans and receivables, both fixed and floating rate, are assessed by the Group on the basis of parameters such as interest rates, country-specific risk factors, the individual creditworthiness of each customer and the characteristic risk of the financial project. Based on this evaluation, the appropriations for estimated losses on these credits are recorded in the accounts.

- The Group enters derivative financial instruments with various counterparties, mainly financial institutions with an assigned credit rating. Derivatives valued using valuation techniques with detectable market data mainly consist of interest rate swaps and forward currency contracts. The valuation techniques applied most frequently include the forward pricing and swaps models, which use the calculation of the present value. The models consider different inputs, including the credit quality of the counterparty, the spot foreign currency and forward rates, the interest rate curves and the forward rate curves of the underlying commodities, the yield curves of the respective currencies, the base spread between their currencies.

- The fair value of Group loans that accrue interest is determined using the discounted cash flow method and using a discount rate that reflects the interest rate of the issuer at the end of the year. The Group's default risk as of December 31, 2020 was assessed as insignificant.

In relation to the financial instruments recognized in the statement of financial position at *fair value*, IFRS 13 requires that these values to be classified in accordance with a hierarchy of levels that reflects the significance of the inputs used in determining the *fair value*. The following levels are distinguished:

Level 1—prices recorded on an active market for assets or liabilities being valued;

Level 2—inputs other than the quoted prices referred to in the previous point, which are observable directly (prices) or indirectly (derived from prices) on the market;

Level 3—inputs that are not based on observable market data.

Please note that, with the exception to the business combination liabilities, all assets and liabilities that are valued at *fair value* at December 31, 2020, can be classified in the hierarchical level number 2 of the *fair value* measurement as defined by IFRS 13. Furthermore, during the period ended December 31, 2020 there were no transfers from Level 1 to Level 2 or to Level 3 and vice versa.

12.1 Derivative financial instruments

The breakdown of the derivative financial instruments by category and maturity as of December 31, 2020 is the following:

	Maturity					
(Euro thousand)	**Less than 3 months**	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**1 to 5 years**	**Total**
As of December 31, 2020						
Forward foreign exchange contracts (highly probable expected sales)						
Notional amount (in € 000)	12,640					12,640
Forward rate (EUR / USD)	1.1867					1.1867
Notional amount (in € 000)	13,247	2,726				15,973
Forward rate (EUR / KRW)	1,322.0	1,320.6				1,321.7
Notional amount (in € 000)	13,706					13,706
Forward rate (EUR / CNY)	7.8798					7.8798

The **derivatives not designated as hedging instruments** reflect the positive changes in the *fair value* of these forward contracts on currencies, which are not designated as hedging contracts, but the aim is still to reduce the risk on sales and purchases envisaged.

The Group's policy is not to carry out derivative transactions for speculative purposes.

The **derivatives designated as hedging instruments** reflect the positive changes in the *fair value* of forward foreign exchange contracts designated as hedges contracts of highly probable cash flows.

As of December 31, 2020, the Group holds forward foreign exchange contracts to hedge sales which have been designated as hedging instruments for sales of future seasons.

These derivatives are represented by the forward sale of currency through which the Group undertakes to sell the underlying currency at a specific maturity and at a predetermined exchange rate.

Given the characteristics of the derivatives contracts, these instruments are closely related to the underlying element (specifically, the margins for the foreseen sales the US, Korea and China), the accounting of the same takes place on the basis of hedge accounting, with the accounting of the *fair value* of the derivative, net of the tax effect, directly in equity.

The balance sheet and financial statement's items which include the *fair value* of the derivatives outstanding as of December 31, 2020 are "Current financial assets" and "Current financial liabilities" depending on whether the fair value at the end of the period is positive or negative.

The impact and classification of hedging instruments are represented as follows:

	Nominal amount	Book value (Euro thousand)	Balance sheet item
As of December 31, 2020			
Forward foreign exchange contracts	USD 15,000,000 / KRW 21,112,000,000 / CNY 108,000,000	915	Current financial assets

The hedging currency contracts outstanding at December 31, 2020 with positive *Mark to Market* value amount to Euro 915 thousand.

Below is presented the detail by bank:

Maturity	Nominal amount	Mark to Market December 31, 2020 (Euro thousand)
January 29, 2021	USD 5,000,000	134
January 29, 2021	USD 5,000,000	145
Febraury 12, 2021	USD 5,000,000	145
January 21, 2021	KRW 4.004.000.000	34
January 21, 2021	KRW 4.004.000.000	34
February 24, 2021	KRW 4.004.000.000	34
February 16, 2021	KRW 2.000.000.000	17
March 12, 2021	KRW 3.500.000.000	31
April 15, 2021	KRW 1.600.000.000	18
May 16, 2021	KRW 1.000.000.000	11
June 17, 2021	KRW 1.000.000.000	11
January 21, 2021	CNY 36.000.000	103
February 24, 2021	CNY 36.000.000	99
March 26, 2021	CNY 36.000.000	98
Total derivatives with positive value		**915**

Maturity	Nominal amount	Mark to Market December 31, 2020 (Euro thousand)
n.a.	n.a.	0
Total derivatives with negative value		**0**
NET TOTAL		**915**

12.2

The **financial assets measured at amortized cost** include trade receivables, receivables from related parties (loans to employees) and other current financial assets.

"Current financial assets" (this balance sheet account also includes the fair value of derivatives) includes the balances of the *Paypal* and *Adyen* accounts, payment platforms used for retail collections, mainly e-commerce, for Euro 4,879 thousand.

Loans to employees, included in the balance sheet in "Non-current financial assets" mainly include loans granted in prior periods to some employees for the purchase of Company shares for a total of Euro 667 thousand.

The item "Non-current financial assets" also includes deposits paid for the setup of new group companies for Euro 54 thousand.

12.3 Financial liabilities carried at amortized cost

12.3.1 Loans and financing

IFRS 7.7 requires supplementary information that allows users of the financial statements to assess the relevance of the financial instruments with reference to the balance sheet position and the result. Since the Group has a significant amount of loans and financing in its group consolidated balance sheet, detailed information to users of the financial statements are provided, here below, information both regarding the effective interest rate and the maturity of the loans.

(Euro thousand)	Interest rate	Maturity	December 31, 2020
Current loans and financing			
Leasing liabilities (Note 10)	3.34% - 9.51%	2021-2039	15,350
Reverse factoring financial liabilities	0.00%		13,172
Revolving facility agreement	EURIBOR + 3,50%	2026 at latest	25,035
Bridge facility agreement	EURIBOR + margin (from 4,25% to 5,75%)	2027	1,101
Other financial liabilities			128
Total current loans and financing			**54,787**
Non-current loans and financing			
Leasing liabilities (Note 10)	3.34% - 9.51%	2021-2039	83,327
Bridge facility agreement	EURIBOR + margin (from 4,25% to 5,75%)	2027	458,757
Total non-current loans and financing			**542,084**
Total loans and financing			**596,871**

12.3.2 Other financial liabilities carried at amortized cost

The terms and conditions of the financial liabilities are:

- trade payables do not generate interest expense and are normally settled at 90 days;
- for the terms and conditions relating to related parties, see the specific Note "Information relating to transactions carried out with related parties".

12.4 Financial risk management objectives and policies

The Group is exposed to risks associated with existent business activities.

12.4.1 Financial risk

The main financial liabilities of the Group, other than derivatives, include bank loans and financing, and trade and other payables. The main objective of these liabilities is to finance the Group's operating activities. The Group has financial receivables and other commercial and non-commercial receivables, cash and cash equivalents and short-term deposits that directly originate from operating activities. The Group also holds derivative contracts.

The Group is exposed to market risk, credit risk and liquidity risk. Group Management is responsible for managing these risks; in this activity, the Management is supported by the Financial Department, which provides information on financial risks and suggests an appropriate risk management policy at Group level. The Financial Management provide assurance to Group Management that the activities involving financial risk are governed with appropriate corporate policies and with appropriate procedures and that financial risks are identified, assessed and managed in accordance with the requirements of the Group's policies and procedures. All activities derived for risk management purposes are directed and supervised by a team of specialists with adequate knowledge and experience. Group's policy doesn't allow to subscribe derivatives for trading or speculative purposes.

The Board of Directors reviews and approves the management policies of each of the risks set out below.

12.4.2 Interest rate risk

Interest rate risk is the risk that the *fair value* or future cash flows of a financial instrument will change due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is primarily related to long-term debt with variable interest rates.

The Group manages its interest rate risk through a balanced portfolio of loans and financing at fixed and variable interest rates. The main loans as of December 31, 2020 are indexed to the Euribor with a 0% floor and the Group has not entered to any hedging contract.

Interest rate sensitivity

The Group's exposure to the risk of changes in market rates is connected only to the Bridge Facility Agreement and the Revolving Credit Facility Agreement.

Given the level of the EURIBOR rates at the reporting dates (negative), the presence of the 0% floor on the loans, the effect of reasonably possible changes in the EURIBOR rates would result in an immaterial economic impact.

12.4.3 Exchange rate risk

Exchange rate risk is the risk that the *fair value* or future cash flows of an exposure will change as a result of changes in exchange rates. The Group's exposure to the risk of exchange rate changes mainly refers to the Group's operating activities (when revenues or costs are denominated in a foreign currency) and to the Group's net investments in foreign subsidiaries.

The Group manages its currency exchange risk by covering the transactions that are expected to take place within a maximum period of 12 months for the expected sales hedges.

When derivatives are entered into for hedging purposes, the Group negotiates the terms of these derivatives so as to match them with the terms of the hedged exposure. As regards the hedging of expected transactions, derivatives cover the exposure period from the moment in which the cash flows of the transactions are expected at the time of payment of the resulting credit or debt denominated in foreign currency.

The performance by the Group of its activities also in countries outside the Euro area makes the exchange rate factor relevant.

The Group preliminarily defines the amount of the exchange risk on the basis of the budget for the period and subsequently hedges this risk gradually, along the order acquisition process, to the extent that the orders correspond to the budget forecasts. The hedging is carried out through specific forward currency sales contracts.

The management believes that the risk management policies adopted by the Group are adequate.

Forward foreign exchange contracts are designated as expected sales hedges in US dollars and South Korean won. These future transactions are highly probable and cover around 50% of the margin on total US dollar sales and the 75% margin on total sales in won South Koreans, provided for in the 6 months after the balance sheet date.

The balance of forward currency contracts varies with the change in the volume of sales expected in foreign currency and with the change in the forward exchange rates.

There is an economic relationship between the elements hedged and the hedging instruments since the terms of the exchange rate mirror of the terms of the highly probable future transactions (i.e. the notional amount and the expected payment date). To test the effectiveness of the hedge, the Group uses a method based on the determination of a hypothetical derivative that compares the changes in the *fair value* of the hedging instruments with the changes in the *fair value* of the hedged instruments deriving from the hedged risk.

The ineffectiveness of the hedge can occur due to:

- Differences in the timing of the cash flows generated by the underlying hedges and the hedging instruments;
- Different indices (and related different curves) related to the hedged risk of the underlying and hedging instruments;
- Different impact that the counterparty risk has on the *fair value* movements of the *hedging* instruments and of the underlying;
- Changes in the expected amounts of the cash flows of the underlying hedged items and of the hedging instruments.

Exchange rate sensitivity

The exposure to the risk of changes in exchange rates derives from operations in currencies other than the currency of the accounting name. The following table illustrates the sensitivity to a reasonably possible change in the exchange rate of the currencies to which the Group is exposed, with all other variables kept constant.

The effect on the Group result before taxes is due to changes in the *fair value* of monetary assets and liabilities, including any derivatives in foreign currency not designated as hedging instruments. The pre-tax impact on the other items of the Group's equity is attributable to changes in the *fair value* of the forward exchange contracts designated as cash flow hedges. The Group's exposure to changes in exchange rates for all other foreign currencies is not material.

Analysis as of December 31, 2020

	Euro appreciation scenario			**Euro depreciation scenario**		
Currency (Euro thousand)	**Pre-tax effect on income statement**	**Pre-tax effect on other shareholders' equity items**	**Total pre-tax effect on equity**	**Pre-tax effect on income statement**	**Pre-tax effect on other shareholders' equity items**	**Total pre-tax effect on equity**
AED	(187)	0	**(187)**	187	0	**187**
AUD	(165)	0	**(165)**	165	0	**165**
CHF	(19)	0	**(19)**	19	0	**19**
CAD	(16)	0	**(16)**	16	0	**16**
CNY	(547)	574	**27**	547	(574)	**(27)**
DKK	(2)	0	**(2)**	2	0	**2**
GBP	(151)	0	**(151)**	151	0	**151**
HKD	(254)	0	**(254)**	254	0	**254**
JPY	(83)	0	**(83)**	83	0	**83**
KRW	(650)	747	**97**	650	(747)	**(97)**
MOP	(91)	0	**(91)**	91	0	**91**
TWD	(123)	0	**(123)**	123	0	**123**
USD	(4,505)	791	**(3,714)**	4,505	(791)	**3,714**
TRY	(169)	0	**(169)**	169	0	**169**
SGD	(0)	0	**(0)**	0	0	**0**

The range considered for each currency is shown below:

Currency	**December 31, 2020**
AED	+/−6.5%
AUD	+/−3.9%
CHF	+/−1.6%
CAD	+/−3.1%
CNY	+/−4.3%
DKK	+/−0.2%
GBP	+/−2.8%
HKD	+/−6.5%
JPY	+/−3.9%
KRW	+/−5.7%
MOP	+/−6.5%
TWD	+/−4.5%
USD	+/−6.5%

TRY	+/−19.6%
SGD	+/−3.1%

12.4.4 Credit risk

Credit risk is the risk that a counterparty will not fulfill its obligations related to a financial instrument or to a commercial contract, thus leading to a financial loss. The Group is exposed to credit risk deriving from its operating activities (especially for trade receivables) and from its financing activities, including deposits with banks and financial institutions, operations in foreign currency and other financial instruments.

Trade receivables

Commercial credit risk is managed by the policy established by the Group and according to the procedures and controls established for the management of credit risk. The credit quality of customers is assessed on the basis of an analytical credit rating sheet; individual credit limits are also established for all customers based on this assessment.

The Group's credit management strategy provides for new customers to apply a 30% payment condition on order confirmation and the remaining 70% upfront. These payment terms are maintained for the supply of at least two seasons and then move on to an average deferred payment of 30-60 days.

As of December 31, 2020, the Group has around 19 customers with a balance greater than Euro 200 thousand each which together represent around 42% of all trade receivables.

At each balance sheet date, an impairment analysis is carried out on trade receivables, using a matrix for measuring expected losses. The write-down percentages are determined based on the expired days and by grouping the receivables from customers which are characterized by similar causes of impairment (geographical area, presence of guarantees or other type of insurance). The calculation is based on the probability of credit recovery, and information on past events that are available on the reporting date, current conditions and expected market scenarios.

The Group makes use of insurance and credit factoring instruments, without discount receivables and solely for the purpose of credit management and insurance. As of December 31, 2020, the receivable transferred to factor related to three distributing customers of Golden Goose S.pa for Euro 3,239 thousand. As regards the receivables deriving from the supply to the US market, the factoring company approves each individual order and manages its collection.

As of December 31, 2020, 50% of the Group's trade receivables are covered by forms of insurance.

12 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The Group believes that the risk associated with the concentration of trade receivables and contract activities is low, as its customers are located in different countries and operate in largely independent markets.

Below is the information on the exposure to credit risk on trade receivables and on the activities deriving from the Group contract, using a write-down matrix:

December 31, 2020

	Days past due					
(Euro thousand)	**Current**	**<30 days**	**30 - 60 days**	**61 - 90 days**	**> 91 days**	**Total**
Expected loss rate	1.1%	6.9%	6.0%	0.0%	81.5%	
Estimated gross carrying amount at risk	30,547	2,647	457	(37)	3,403	**37,016**
Expected credit loss	325	184	27	0	2,773	**3,309**

Financial instruments and bank deposits

Credit risk relating to relations with banks and financial institutions is managed by the Group treasury in accordance with the Group's policy. The Group operates exclusively with leading banks and therefore considers the credit risk relating to balances to financial counterparties to be insignificant.

12.4.5 Liquidity risk

The Group monitors the risk of a liquidity shortage by using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity in the availability of funds and flexibility through instruments such as bank overdrafts, bank loans, bonds, leasing contracts.

At December 31, 2020, 17% of the Group's liabilities matures in less than one year, calculated on undiscounted liabilities as shown in the table below.

Reverse factoring liabilities relates to few key suppliers of the parent Golden Goose S.p.A. (as of December 31, 2020 reverse factoring arrangements were in place for the first five suppliers in terms of outstanding payables, plus other minor suppliers) with few primary financial institutions. These arrangements provide an additional payment term (ranging from 30 to 90 days) without explicit financial charges for the Group. Payables are classified as financial liabilities when the payable reaches the additional payment term.

The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual payments not discounted.

As of December 31, 2020	**at demand**	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**> 5 years**	**Total**
Financing and loans		6,388	45,849	109,696	511,148	673,081
Leasing liabilities		4,897	14,187	55,067	41,314	115,466
Other financial liabilities		128				128
Reverse factoring financial liabilities		13,172				13,172
Business combination liabilities		1,000		2,500		3,500
Trade payables	16,774	20,309	27,255			64,338
Total	**16,774**	**45,894**	**87,291**	**167,263**	**552,462**	**869,685**

Guarantees

The Group does not hold restricted cash or guarantees on cash.

Changes in liabilities deriving from financing activities

The movements in financial liabilities for the period ended December 31, 2020 are shown below.

(Euro thousand)	March 3, 2020	New loans	Business combination	Refunds	Change in exchange rates	Non -monetary IFRS16 changes	Fair value changes	Reclass.	Other	December 31, 2020
Current loans and financing										
Leasing liabilities	0		16,063	(7,398)	(710)	(1,108)		8,504		15,350
Bridge facility agreement	0								1,101	1,101
Revolving credit facility	0	75,000		(50,000)					35	25,035
Astrum 3 facility agreement	0		319,024	(270,388)					(48,635)	0
Reverse factoring financial liabilities	0		10,978	(10,978)					13,172	13,172
Contingent consideration from business combination	0		976				18			994
Other current financial liabilities	0		152				(148)		125	128
Total current financial liabilities	**0**	**75,000**	**347,193**	**(338,765)**	**(710)**	**(1,108)**	**(130)**	**8,504**	**(34,202)**	**55,781**
Non-current loans and financing										
Leasing liabilities	0		73,034		(3,257)	22,203		(8,504)	(149)	83,327
Bridge facility agreement	0	455,006							3,751	458,757
Contingent consideration from business combination	0		2,278				43			2,321
Total non-current financial liabilities	**0**	**455,006**	**75,312**	**0**	**(3,257)**	**22,203**	**43**	**(8,504)**	**3,601**	**544,405**
Total financial liabilities	**0**	**530,006**	**422,505**	**(338,765)**	**(3,967)**	**21,094**	**(87)**	**0**	**(30,601)**	**600,186**

In order to finance the acquisition Astrum 3 entered in two financing agreement: the Bridge facility agreement, for a nominal amount of Euro 470,000 thousand plus the Revolving credit facility for Euro 75,000 thousand. The proceeds from these loans has been employed for granting to Golden Goose an intercompany facility agreement, used by Golden Goose for repaying the outstanding financial indebtedness of the acquiree at the closing date (June 16, 2020). The table presents this intercompany transaction because, as permitted by IFRS 3, the acquisition date has been identified for accounting purposes on July 1, 2020, while the facility agreement was extinguished only when the legal merger between Astrum 3, Sneakers Maker and Golden Goose has been completed in August 2020. In particular, the refunds for Euro 270,388 thousand relates to the liabilities extinguished by Golden Goose at the closing date (namely, the Euro 240 million bond issued in 2019 plus the Euro 30 million revolving facility drawn in March 2020), while the amount presented in the Other column (Euro 48,635 thousand) represents the cash injected by Astrum 3 through the facility agreement but not employed do extinguish liabilities, increasing the cash existing at the accounting acquisition date (June 1, 2020).

The column "Reclassification" includes the effects of the reclassification from "non-current" to "current" of some of the financing and interest-bearing loans, including lease obligations, related to the passage of time.

The column "Other" includes interests accrued in leasing liabilities and the reclassification from Trade payables to reverse factoring financial liability recorded when the outstanding days from the invoice date of the payables exceeds the original payment term granted by the supplier.

The Group classifies interest paid as cash flows from operating activities.

13 DEFERRED TAX ASSETS

With regards to the breakdown and changes in deferred tax assets, please refer below to the income taxes note of the consolidated profit and loss.

14 OTHER NON-CURRENT ASSETS

"Other non-current assets" mainly includes guarantee deposits thrown at the time of store openings, to guarantee the lease or its users.

The most significant deposits include those relating to stores in China, Hong Kong, Korea and US.

15 INVENTORIES

The breakdown of inventories is as follows:

(Euro thousand)	December 31, 2020
Raw, ancillary and consumable materials	904
Finished products and goods	52,436
Total inventories	**53,340**

The values of inventories expressed in the financial statements do not differ appreciably compared to a valuation at current costs.

Inventories are net of the inventory write-down fund deemed appropriate for the purpose of a prudent evaluation of the finished products of previous collections and of the raw materials no longer used. The changes in the inventory write-down fund are shown below.

The obsolescence allowances on inventories at the balance sheet date amounts to Euro 11,547 thousand.

(Euro thousand)	December 31, 2020
Opening balance	0
Business combination	8,026
New provisions	5,965
Utilization	(2,227)
Other	(217)
Closing balance	**11,547**

During the period, new provisions were added for a total value of Euro 5,965 thousand.

16 ACCOUNTS RECEIVABLES

The breakdown of accounts receivables is as follows:

(Euro thousands)	December 31, 2020
Accounts receivables, gross	37,015
Allowance for doubtful accounts	(3,309)
Accounts receivables, net	**33,707**

The “Accounts receivables” includes all trade receivables for a total of Euro 37,015 thousand, accounted at their nominal value and presented in the financial statements net of bad debt provision which amounts to Euro 3,309 thousand.

The adjustment of the receivables to their presumed realizable value is obtained by allocating a special provision calculated on the basis of the examination of the individual credit positions and with the criterion of expected credit losses as required by IFRS 9. The provision is related to the part of receivables not covered by insurance, to the quote of credit cap and deductible of the receivables covered by insurance and to receivables related to litigations.

The existing provision year-end represents a prudential estimate of the existing risk. The movement of the fund is shown below:

(Euro thousand)	December 31, 2020
Opening balance	0
Business combination	3,280
New provisions	100
Utilization	(71)
Closing balance	**3,309**

17 CURRENT TAX ASSETS

The “Current tax assets” item, for Euro 115 thousand, includes advance tax disbursement paid by the Group and other income tax receivables.

18 OTHER CURRENT NON-FINANCIAL ASSETS

The breakdown of other current non-financial assets is as follows:

(Euro thousands)	December 31, 2020
Prepaid expenses	4,513
Sundry receivables	2,823
VAT credit	1,293
Advances to suppliers	774
Total Other current non-financial assets	**9,403**

The item "VAT Credit" mainly includes the credit balance of Asian companies.

Sundry receivables mainly include transitional accounts linked to collection with payment instruments such as *paypal, adyen* and credit cards (Euro 1.188 thousand), receivables from L'Ermitage for grants to renovate a building (Euro 793 thousand) and VAT credit for the Korean component (Euro 642 thousand).

Accrued income and prepaid expenses measure income and charges whose competence is advanced or postponed with respect to the numerical and / or documental event; they disregard the date of payment or collection of the related income and charges, common to two or more financial years and spread over time. In particular, the prepaid expenses include Euro 1,643 thousand of the initial fees incurred in relation to the Revolving credit facility that are amortized on a straight-line basis over the period of availability of the facility. Euro 1,998 thousand of prepaid expenses are related to the non-competing agreement signed in 2020.

The criteria adopted in the evaluation and conversion of the values expressed in foreign currency are reported in the first part of these explanatory notes.

19 CASH AND CASH EQUIVALENTS

The breakdown of cash and cash equivalents is as follows:

(Euro thousand)	December 31, 2020
Bank deposits	77,726
Cash	562
Total cash and cash equivalents	**78,288**

At December 31, 2020 the cash and cash equivalents amounted to Euro 78,288 thousand and is mainly represented by bank deposits. Please refer to the cash flow statement for the analysis of events that led to changes in cash and cash equivalents.

20 SHAREHOLDERS' EQUITY

Authorized, issued and fully released shares (number of shares)	December 31, 2020
At March 3, 2020	**5,000,000**
Merger between Astrum 3 S.p.A., Sneakers Maker S.p.A. and Golden Goose S.p.A.	(3,995,659)
At the end of the period	**1,004,341**

Distribution of dividends made and proposals

No dividends were paid during the period.

20.1 STOCK INCENTIVE PLANS

As at December 31, 2020 there are no stock incentive plans. Moreover, the Group didn't grant any stock option during the period and no stock options were repurchased.

21 PROVISIONS FOR SEVERANCE INDEMNITIES

The movements in the provisions for severance indemnities during the period are as follows:

(Euro thousand)

March 3, 2020	**0**
Business combination	1,368
Cost of service	239
Net interest	3
Benefits paid	(38)
Actuarial gains (losses)	138
Closing balance	**1,710**

Liabilities for **defined benefit plans** (provision for severance indemnity) were assessed with the support of actuarial experts and carried out on the basis of the "accrued benefits" methodology through the Project Unit Credit Method as required by IAS 19. This method is substantiated in assessments that express the average present value of the pension obligations accrued based on the service that the worker has provided up to the time when the assessment itself is carried out, not projecting the employee's wages according to the regulatory changes introduced by the recent Social Security Reform. The calculation methodology can be schematized in the following phases:

- projection for each employee in force on the valuation date, of the severance indemnity already set up to the random future time of payment;

- determination for each employee of the probable severance indemnity payments to be made by the company in the event of the employee leaves the company because of dismissal, resignation, incapacity, death and retirement as well as against requests for advances;

- discounting, at the valuation date, of each probable payment.

The actuarial model for the evaluation of the provision for severance indemnity is based on various hypotheses, both demographic and economic—financial. The hypotheses of the model are:

Economic technical assumptions	**December 31, 2020**
Annual discount rate	0.34%
Annual inflation rate	0.80%
Annual prov. for sev. ind. increase rate	2.10%
Annual salary increase rate	0.50%

Technical demographic assumptions	
Death	RG48 tables published by the State General Accounting Office
Disability	INPS tables distinguished by age and gender
Retirement	100% upon reaching the AGO requirements adequate to the decree n.4 / 2019

Annual turnover frequencies and severance indemnity advance	
Anticipation frequencies	0.5%
Turnover frequencies	5.0%

The provision does not include the indemnities accrued since 1 January 2007, intended for supplementary pension schemes pursuant to Legislative Decree no. 252 of December 5, 2005 (or transferred to the INPS treasury).

The following table highlights the effects that would have had on the defined benefit obligation following the reasonably possible changes in the actuarial assumptions relevant at the end of the year:

Sensitivity analysis of the main valuation parameters as of December 31, 2020	**change (Euro thousand)**
Turnover rate + 1.00%	(30)
Turnover rate−1.00%	35
Inflation rate + 0.25%	49
Inflation rate−0.25%	(47)
Discount rate + 0.25%	(58)
Discount rate−0.25%	61

22 DEFERRED TAX LIABILITIES

With regards to the breakdown and changes in the deferred tax liabilities, please refer below to the income taxes note of the consolidated proft and loss.

23 PROVISIONS FOR RISKS AND CHARGES (CURRENT AND NON-CURRENT)

Among the provisions for non-current risks and charges, the Group allocates the "Agents' supplementary clientele allowance". The fund includes the provisions made as supplementary customer indemnity and termination of agency relations; it is intended to cover the indemnity due to agents when the mandate is terminated.

The supplementary customer indemnity fund is set aside on the basis of regulatory provisions and collective economic agreements regarding situations of probable interruption of the mandate given to agents for reasons attributable to the principal.

The provisions are entered at the value representative of the best estimate of the amount that the company would pay to extinguish the obligation or to transfer it to third parties at the end of the period.

The breakdown and movements of the non-current provisions for risks and charges is shown below.

Description (Euro thousand)	**March 3, 2020**	**Business combination**	**Increases**	**Decreases**	**December 31, 2020**
Agents' supplementary clientele allowance ...	0	165	0	(29)	136
Other provisions for non-current risks	0	228	0	(54)	174
TOTAL	**0**	**393**	**0**	**(83)**	**310**

The item "Other provisions" includes the estimate of future liabilities deemed probable and reasonably estimable in the amount. As of December 31, 2020, this item amounted to Euro 174 thousand.

The current provision for risks and charges includes the return liability which is an estimate of the persistent returns on products sold during the year, but which could be returned by customers in the following years. The Returns Fund as of December 31, 2020 amounts to Euro 6,090 thousand.

24 TRADE PAYABLES

The breakdown of trade payables is as follows:

(Euro thousands)	**December 31, 2020**
Trade payables	64,338
Total trade payables	**64,338**

Trade payables are recorded net of commercial discounts; cash discounts are instead recognized at the time of payment. The nominal value of these payables was adjusted, on the occasion of returns or rebates (invoicing adjustments), to the extent corresponding to the amount defined with the counterparty.

25 OTHER CURRENT NON-FINANCIAL LIABILITIES

The breakdown of other current non-financial liabilities is as follows:

(Euro thousand)	**December 31, 2020**
Payables due to employees	5,304
Sundry payables	2,954
Tax payables	1,596
Advances from customers	1,262
Payables to social security institutions	1,132
Deferred income	724
Total Other current non-financial liabilities	**12,972**

Payables to social security institutions mainly refer to payables for social security contributions, both for Golden Goose and for the other companies.

The item Advances from customers includes advances received from customers for the supply of goods and services not yet performed. These advances are recognized as revenue when control of the assets is transferred to customers. The item "Sundry payables" mainly refers (Euro 1,998 thousand) to payables for the non-competing agreement.

26 CURRENT TAX LIABILITIES

Current tax liabilities amounted to Euro 762 thousand at December 31, 2020 and they refer to IRES, IRAP payables as well as current taxes payables of foreign subsidiaries.

27 COMMITMENTS AND GUARANTEES

The breakdown of commitments and guarantees is as follows:

Guarantees and guarantees given (Euro thousand)	December 31, 2020
Sureties in favor of third parties and companies	7,990
Total	**7,990**

The guarantees mainly refer to lease agreements for stores in the US, Italy and in other countries where the Group operates.

28 CONSOLIDATED PROFIT AND LOSS NET TURNOVER

The tables listed below show the net turnover for the period ended December 31, 2020 analyzed by product type, by categories, by distribution channels and by geography.

Revenues by product type

(Euro thousand)	For the period Ended December 31, 2020
Sales of goods and raw materials	762
Product sales	154,563
Accessory sales	—
Revenue adjustments	971
Total	**156,296**

Revenues by category

(Euro thousand)	For the period ended December 31, 2020
Main revenues	158,966
Revenue adjustments	(3,432)
Other revenues	762
Total	**156,296**

Revenues by distribution channel

(Euro thousand)	For the period ended December 31, 2020
Wholesale	88,174
Retail	49,386
Web	17,865
Other	871
Total	**156,296**

Revenues by geography

Referring to the characteristic revenues, that is the sale of finished products, the following is an analytical indication of the geographical segments that represent the Group's main revenue lines:

(Euro thousand)	For the period ended December 31, 2020
Italy	17,981
Emea	41,085
USA	59,571
Apac	36,788
Other	871
Total	**156,296**

Return rights assets and refund liabilities

The right of return assets related to the goods expected to be returned by the customers, accounted within inventories at cost value, amount to Euro 1,761 thousand at December 31, 2020.

The refund liabilities related to the obligation to refund customers for returns on products sold during the year, but which could be returned by customers in the following years, is accounted within current provision for risks and charges and amounts to Euro 6,090 thousand at December 31, 2020.

29 COST OF GOODS SOLD

The breakdown of cost of goods sold is as follows:

(Euro thousand)	For the period ended December 31, 2020
Consumes of raw materials and finished products	47,256
Personnel cost	2,795
Other production costs	2,442
Inbound Transport Costs	1,267
Cost per Samples	5,892
Industrial depreciation	132
Total cost of goods sold	**59,784**

30 GENERAL AND ADMINISTRATION EXPENSES

The breakdown of general and administrative expenses is as follows:

(Euro thousand)	For the period ended December 31, 2020
General and administrative expenses	
Non-industrial depreciation	20,967
Non-Industrial ROU depreciation	555
Cost of G&A personnel	5,119
Other Operating Costs	30,918
Other Operating Income	(1,044)
Total	**56,515**

Non-industrial depreciation includes Euro 397 thousand of depreciation of tangible assets and Euro 18,521 thousand of depreciation of intangible assets, for which the Backlog and the Customer relationship acquired in the business combination accounts, respectively, for Euro 11,900 thousand and Euro 6,106 thousand.

The item Other operating costs consists primarily of consulting and costs for transfers. The residual mainly includes bank commissions, utilities, annual software licenses, maintenance, charges incurred for taxes, duties and taxes not related to business income, gifts to customers, supervision, staff training, entertainment expenses.

31 SELLING AND DISTRIBUTION EXPENSES

The breakdown of selling and distribution expenses is as follows:

(Euro thousand)	For the six months period from July 1, 2020 to December 31, 2020
Selling and distribution expenses	
Depreciation and write-down of stores	16,814
Cost of shops' staff	11,421
Variable commissions on sales	4,806
Distribution logistics	3,855
Credit Management Costs	2,011
Other commercial expenses	420
Remuneration to agents	67
Total	**39,394**

Selling and distribution expenses mainly relate to depreciation expenses related to stores of Euro 18,864 thousand (inclusive of Euro 4,557 thousand of write-downs of for shops), cost of shops' staff of Euro 11,061 thousand and variable commissions on sales of Euro 4,806 thousand.

32 MARKETING AND ADVERTISING

The breakdown of marketing and advertising is as follows:

(Euro thousand)	For the period ended December 31, 2020
Marketing and advertising	
Marketing and advertising	4,905
Personnel cost	1,004
Total	**5,909**

33 SUMMARY OF COSTS BY NATURE

The following are details of the nature of the total of personnel costs and of the total cost of depreciation with indication of the item in the income account of destination:

33.1 Personnel cost

(Euro thousand)	For the period ended December 31, 2020
Included in the cost of goods sold	2,795
Included in the general and administrative expenses	5,119
Included in marketing expenses	1,004
Included in sales and distribution costs	11,421
Total personnel costs	**20,338**

The item includes the entire expense for employees including improvements in merit, category changes, contingency shots, cost of unused holidays, result bonuses, provisions of law and those relating to collective agreements.

Details of the composition of personnel costs are given below:

(Euro thousand)	For the period ended December 31, 2020

Wages and salaries	17,941
Social charges	1,792
Employee severance indemnity	605
Total personnel costs	**20,338**

The Group workforce, broken down by category as of December 31, 2020, was as follows:

WORKFORCE	For the period ended December 31, 2020
Senior executives	17
Headquarters employees	234
Showroom employees	11
Direct store employees	498
TOTAL WORKFORCE	**760**

The national Italian employment contracts applied are those of the textile and clothing sector and that of commerce.

33.2 Depreciation, write-downs of fixed assets included in the income statement

(Euro thousand)	For the period ended December 31, 2020
Included in the cost of goods sold:	
Depreciation of tangible assets	132
Included in general and administrative expenses:	
Depreciation of tangible assets	931
Depreciation of intangible assets	20,036
Depreciation of Right of Use	555
Included in sales and distribution costs:	
Depreciation of tangible assets	3,264
Depreciation of intangible assets	377
Depreciation of Right of Use	8,617
Write-down of tangible assets	912
Write-down of intangible assets	36
Write-down of Right of Use assets	3,609
Total depreciation, write-downs of fixed assets included in the income statement	**38,469**

33.3 Lease payments

(Euro thousand)	For the period ended December 31, 2020
Included in sales and distribution costs:	
Leases variable payments (Note 10)	4,689
Included in administrative costs:	
Rent relief accounted as negative variable lease payment	(1,108)
Total lease payments	**3,581**

34 FINANCIAL INCOME AND EXPENSES

The breakdown of financial income and expenses is as follows:

(Euro thousand)	For the period ended December 31, 2020
Interest expense and bank charges	(16,614)
Exchange gains (losses)	(7,694)
Financial expenses IFRS16	(1,537)

Other charges	(11)
Total financial expenses	***(25,856)***
Exchange gains (losses)	1,508
Other financial income	1,000
Total financial income	***2,508***
Net balance of financial expenses and income	**(23,348)**

As indicated in the table above, the item mainly includes related financial expenses:

– the financial facilities obtained by various credit institutions in relation to the payables for medium / long-term financing lines already mentioned above. The total interest on credit institutions for the period amounts to Euro 16,614 thousand and is composed as follows:

• Financial interest on the Euro 470,000 thousand Bridge credit facility, for Euro 15,071 thousands;

• Financial interest on the revolving facility drawn for Euro 75,000 thousand on the closing date and partially repaid in December, for Euro 1,543 thousand, inclusive of Euro 150 thousand of the straight-line amortization of initial commissions;

– leases financial expenses for Euro 1,537 thousand (see note 10 and 12.4.5);

– other charges of a financial nature of a residual amount.

Gains and losses on foreign exchange

Net exchange losses for the period ended December 31, 2020 equal to Euro 6.186 thousand, of which Euro 3,968 thousand not realized.

35 INCOME TAXES

Taxes for the year are recorded in this item. The tax liability is recognized under the item Current tax libabilites net of advance payments made.

Taxes	**For the period ended December 31, 2020**
Current taxes:	
IRES	4,638
IRAP	832
Taxes relating to previous years	(202)
Deferred taxes (prepaid)	(9,169)
Total income taxes	**(3,902)**

The reconciliation between the income taxes accounted for and the theoretical taxes resulting from the application of the rate in force in Italy to the pre-tax profit for the period ended December 31, 2020 is as follows:

Effective tax rate reconciliation	**For the period ended December 31, 2020**	**%**
Profit before taxes	(28,654)	
Expected tax	(6,877)	24.0%
Actual taxes	(3,902)	13.6%
Net result	**(24,752)**	
Tax rate deviation from effective tax rate	**2,975**	**(10.4)%**
Differences that generate the deviation		
IRAP on income produced in Italy	158	(0.6)%
ACE deductions	(946)	3.3%
Tobin tax (not deductible)	453	(1.6)%
Acquisition costs (not deductible)	3,959	(13.8)%
Tax losses not recognized as deferred tax assets	1,167	(4.1)%

Effect different rates in force in other countries	(1,129)	3.9%
Other differences	(687)	2.4%
Total	**2,975**	**(10.4)%**

Following the acquisition of the Sneakers Maker S.p.A. by Astrum 3 S.p.A., the Group incurred in acquisition costs, specifically the Tobin tax, which is not deductible, and other costs where the deduction is postponed to the conclusion of the advance tax ruling requested in 2021.

Deferred taxes

Deferred taxes are mainly composed by Deferred tax liabilities, whose total balance at December 31, 2020 was Euro 246,195 thousand, mainly related to measurement at fair values of the brand "Golden Goose Deluxe Brand" and to the Customer relationship acquired in the business combination.

Deferred taxes have been taking into account the cumulative amount of all temporary differences, based on the expected average rates in force at the time when these temporary differences will reverse; in particular, for differences related to the parent Golden Goose S.p.A. tax rate considered is 27.9% (equal to the tax rate of IRES, 24%, plus the tax rate of IRAP, 3.9%). For foreign tax differences the local tax rate is applied.

The main temporary differences are summarized in the following table.

(Euro thousand)	December 31, 2020
Deferred tax assets	
Intercompany profit	5,247
Obsolescence allowances on inventories	3,173
Non-deductible interest expense	2,070
Temporary differences due to IFRS 16 accounting	219
Depreciation and write-downs	664
Allowance for doubtful accounts	661
Returns provision	864
Past US tax losses	399
Exchange losses	977
Employee benefit	691
Other	1,653
Total deferred tax assets	**16,618**
Deferred tax liabilities	
Brands value allocated following the 2020 acquisition	196,109
Customer relationship value allocated following the 2020 acquisition	49,102
Other	983
Total deferred tax liabilities	**246,195**
Net balance of deferred taxes	**229,577**

36 TRANSACTIONS WITH RELATED PARTIES

Please note that the Group leases the building in which it carries out part of its operating activity, located in Marghera (Ve). This building is owned by the company L'Ermitage S.r.l., whose ownership is attributable to some of the shareholders of a parent. The fees incurred by the company Golden Goose S.p.A. for the use of the building described above during the period ended December 31, 2020 were equal to Euro 165 thousand. With the same shareholders of a parent company, following the Acquisition, the Group entered into some non-competing agreements, see Note n. 18 for additional information. One of these agreements provides an additional payment to the shareholder that will be due only upon the realization of certain future events. Having assessed term and condition of this commitment, the Group did not accrue this liability in the consolidated financial statements.

36 TRANSACTIONS WITH RELATED PARTIES

The table below shows the relations of the parent Golden Goose S.p.A. with its subsidiaries, for the period ended December 31, 2020. The amounts indicated are in thousands of Euro.

Company	Financial liabilities	Financial receivables	Trade receivables	Trade payables	Other receivables	Sales	Financial income	Financial expenses	Guarantees
Golden Goose Australia Ltd...	0	0	1.898	0	1.944	919	0	0	(*)
Golden Goose Atlanta Llc......	0	319	193	0	0	272	0	(2)	(*)
Golden Goose Austria Gmbh .	(0)	0	961	0	0	186	0	0	
Golden Goose Belgium Sprl ..	0	1.371	123	0	0	128	13	0	(*)
Golden Goose Boston Llc	0	1.108	93	0	0	178	0	(72)	(*)
Golden Goose Chicago Llc	0	610	176	0	0	239	0	(13)	(*)
Golden Goose Shanghai Trading	0	2.049	10.787	0	0	3.700	27	0	
Golden Goose Dallas Llc	(71)	8	244	0	0	340	0	(66)	(*)
Golden Goose Denmark ApS .	0	0	744	0	661	106	0	0	(*)
Golden Goose Trading	(1)	0	1.874	0	924	243	0	0	
Golden Goose Hampton Llc...	0	263	49	0	0	123	0	(12)	(*)
Golden Goose France Sas	(1)	2.677	2.381	(489)	0	743	24	0	
Golden Goose Germany Gmbh	0	683	(255)	(47)	0	165	7	0	(*)
Golden Goose Hawaii Llc	0	1.360	69	0	0	127	0	(16)	(*)
Golden Goose Holland Bv	0	1.157	13	0	0	(84)	10	0	
Golden Goose Japan Ltd	0	0	2.252	0	2.970	487	0	0	(*)
Golden Goose Korea Ltd	0	0	11.397	0	0	4.080	0	0	
Golden Goose Las Vegas Llc .	0	160	824	0	0	243	0	(55)	(*)
Golden Goose Lux Canada Ltd........................	0	0	0	0	3	0	0	0	
Golden Goose Macau	0	0	598	0	796	67	0	0	
Golden Goose Nashville Llc ..	0	163	194	0	0	284	0	(40)	(*)
Golden Goose New Jersey Llc	0	731	121	0	0	185	0	(114)	(*)
Golden Goose NY Llc...........	(880)	0	(69)	0	0	40	0	(7)	(*)
Golden Goose Portugal	0	0	1.181	0	947	697	0	0	(*)
Golden Goose Santa Clara Llc	0	778	220	0	0	63	2	0	(*)
Golden Goose Scottsdale Llc .	0	350	437	0	0	202	3	0	
Golden Goose Spain SL	(2)	3.077	1.090	0	0	1.447	28	0	(*)
Golden Goose Switzerland Gmbh	0	0	907	0	232	255	0	0	(*)
Golden Goose TORONTO LTD	0	0	297	0	210	297	0	0	
Golden Goose Turchia	0	558	81	0	226	563	0	0	
Golden Goose UK Ltd	0	3.205	(1.066)	0	0	(551)	32	0	
Golden Goose USA INC	(24.071)	0	34.076	0	0	25.193	0	(77)	
Golden Goose Virginia Llc	0	540	11	0	0	248	2	0	(*)
Golden Goose Woodbury Llc	0	1.384	419	0	0	420	0	(33)	(*)
Golden Goose Americana LLC	0	0	111	0	0	110	0	0	
Golden Goose Aspen Llc	0	0	140	0	0	139	0	0	
Golden Goose Austin	0	53	0	0	0	0	0	0	
Golden Goose Beverly	0	6	0	0	0	0	0	0	
Golden Goose Boca Llc	0	131	247	0	0	247	1	0	(*)
Golden Goose HK Ltd	0	3.661	265	0	0	(1.534)	29	0	
Golden Goose Houston Llc	0	396	436	0	0	355	2	0	(*)
Golden Goose LA Llc	0	928	110	0	0	178	8	0	(*)
Golden Goose LA Topanga LLC....................	0	0	217	0	0	217	0	0	(*)
Golden Goose Madison Llc....	0	2.573	1	0	0	95	21	0	(*)
Golden Goose Miami Llc.......	(29)	157	411	0	0	503	0	(25)	(*)
Golden Goose Phila	0	0	192	0	0	192	0	0	
Golden Goose SCP Llc	0	1.082	185	0	0	272	0	(24)	(*)
Golden Goose San Francisco Llc	0	1.806	24	0	0	87	0	(12)	(*)
Golden Goose Taiwan...........	0	0	2.032	0	698	394	0	0	
Total	**(25.055)**	**33.343**	**76.692**	**(536)**	**9.611**	**42.744**	**208**	**(568)**	

(*) Please note that Golden Goose S.p.A. guaranteed regular payment of the annual rent of the lease and any other payment due, according to the contract signed with the above-mentioned controlled companies, as indicated in the section to guarantees.

Golden Goose UK, Golden Goose HK and Golden Goose Holland show a negative sales amount, due to the transfer pricing adjustment recorded in the period with an amount higher than the actual sales from the Parent Golden Goose S.p.A. to the foreign components occurred during the period.

37 TRANSACTIONS WITH EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The meaning of executives with strategic responsibilities is intended in a broad sense. The CEO, his direct reports and other collaborators are included in this category: they can be both "managers" and "directors" with strategic responsibilities.

Remuneration of key Group executives

(Euro thousand)	For the period ended December 31, 2020
Current benefits	2,428
Post-employment pension and welfare benefits	245
Employee termination benefits	87
Total remuneration paid to key executives	**2,761**

Loans granted to executives with strategic responsibilities

Loans to employees, included in the line item "Non-current financial assets" include loan assets provided to some executives and related to incentive plans for Euro 667 thousand.

38 INFORMATION RELATING TO AGREEMENTS NOT SHOWN IN THE BALANCE SHEET

The Group has no agreements in place that are not reflected in the consolidated statement of financial position.

39 INFORMATION RELATING TO THE FEES DUE TO THE AUDIT COMPANY

Pursuant to the law, the expenses for the period ended December 31, 2020 for the services rendered by the independent auditing firm and by entities belonging to its network amount to a total of Euro 295 thousand.

40 OTHER INFORMATION

Pursuant to the law, please see in the following table the overall remuneration due to directors and statutory auditors (article 2427, first paragraph, no. 16, of the Italian Civil Code) for the period ended December 31, 2020. The amounts are stated in thousands of Euro.

Qualifications	Remuneration
Directors	412
Board of statutory auditors	21

41 SUBSEQUENT EVENTS

Despite the pandemic still ongoing, in 2021 the Group is continuing its operation worldwide, in full respect of local safety measures to protect the workforce and customers.

With the support of its tax advisors, the Group is preparing two advanced tax ruling, one to deduct acquisition costs already discussed in the effective tax rate reconciliation table, and the other to align the tax base of goodwill and brand name to the carrying amount previously recognized in the separate financial statement of the seller closed at December 31, 2019, with a payment of a substitute tax with a low rate (3%) in three yearly installments. If the tax ruling will be favorable to the Group the expected tax benefit would be significant, considering that the tax base would be above Euro 400 million, and the ordinary tax rate (IRES plus IRAP, for a total of 27.9%) is higher than the substitute tax rate (3%). The tax benefit would be then recovered through the deduction of the tax depreciation to the abovementioned assets in a period of 18 years.

***

These consolidated financial statements, consisting of the statement of the financial position, consolidated profit and loss, the consolidated other comprehensive income, the cash flow statement, the statement of changes in consolidated shareholders' equity and explanatory notes, give a true and fair view of the financial position and of its the financial performance and cash flows and correspond to the results of the accounting records of the parent and to the information transmitted by the companies included in the consolidation.

Chief Executive Officer
Dott. Silvio Campara

GOLDEN GOOSE S.P.A.

BASED IN VIA PRIVATA ERCOLE MARELLI N. 10, 20139 MILAN
SHARE CAPITAL Euro 1.004.341,00 fully paid

Report and Audited Consolidated Financial Statements of Golden Goose S.p.A.
for the six months ended June 30, 2020

EY
Building a better working world

Golden Goose S.p.A.

Consolidated financial statements as at June 30, 2020

Independent auditor's report

EY S.p.A.
Viale Appiani, 20/b
31100 Treviso

Tel: +39 0422 358811
Fax: +39 0422 433026
ey.com

Building a better working world

Independent auditor's report

To the Sole Shareholder of
Golden Goose S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Golden Goose Group (the Group), which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated profit and loss, the consolidated other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated cash flow statement for the period then ended, and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at June 30, 2020, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of Golden Goose S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

These financial statements have been prepared by the Directors for the sole purpose of their inclusion in the Offering Memorandum for the offering of the Notes outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act"), and in the United States only to qualified institutional buyers as defined in Rule 144A under the Securities Act.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the 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, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Golden Goose S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained 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;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities 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 have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Treviso, April 9, 2021

EY SpA

Consolidated financial statements

Consolidated Profit and Loss

(Euro thousand)	Note	For the six months period ended June 30, 2020	For the year ended December 31, 2019
Net Turnover	**27**	**109,592**	**263,376**
Cost of Goods sold	28	(39,776)	(103,372)
Net Margin		**69,816**	**160,004**
Selling and distribution expenses	30	(28,977)	(49,650)
General and Administration expenses	29	(15,348)	(31,052)
Marketing and Advertising	31	(2,769)	(7,608)
Operating Result (EBIT)		**22,722**	**71,694**
Financial Income	33	1,726	1,661
Financial Expenses	33	(14,352)	(29,228)
Profit before tax		**10,096**	**44,126**
Income taxes	34	(4,505)	(8,646)
Net result		**5,591**	**35,481**
Minority interest		17	**(98)**
Group interest		5,574	**35,579**

Consolidated other comprehensive income

(Euro thousand)	For the six months period ended June 30, 2020	For the year ended December 31, 2019
Net income	**5,591**	**35,481**
Other components of the comprehensive income statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes		
Net change in cash flow hedge reserve	262	101
Taxes	(73)	(24)
Total profits / (losses) from valuation of financial instruments	**189**	**77**
Foreign exchange differences from translation of financial statements in currencies other than the Euro	(818)	103
Total other components of the comprehensive income statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes	**(629)**	**180**
Other components of the comprehensive income statement that will not be reclassified in the profit / (loss) in subsequent periods, net of taxes	**—**	**(260)**
Gains / (losses) from actuarial valuation	—	62
Taxes		
Total gains / (losses) on actuarial valuation	**—**	**(198)**
Total other comprehensive income will not be reclassified in profit / (loss) in subsequent periods, net of taxes	—	**(18)**
Total comprehensive income for the period, net of taxes	**4,962**	**35,463**
Minority interest	21	(98)
Group interest	4,941	35,561

Consolidated statement of financial position

(Euro thousands)	Note	As of June 30, 2020	As of December 31, 2019
ASSETS			
Intangible assets	8	471,041	469,790
Tangible assets	10	33,792	29,238
Right of use assets	9	84,576	80,073
Deferred tax asset	12	15,130	12,429
Non-current financial assets	11	1,205	1,888
Other non-current assets	13	5,168	4,337
Non-current assets		**610,912**	**597,754**
Inventories	14	53,857	45,443
Accounts receivable	15	27,415	36,524
Current Tax assets	16	6,595	5,696
Other current non-financial assets	17	4,550	5,854
Current financial assets	11	1,016	1,289
Cash and cash equivalents	18	110,027	27,224
Current assets		**203,460**	**122,031**
Total Assets		**814,372**	**719,785**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		1,004	1,004
Share premium		182,628	182,628
Other reserves		67,387	32,441
Results for the year		5,574	35,579
Group shareholders' equity	**19**	**256,593**	**251,651**
Minority reserves		(100)	(6)
Minority interest		17	(98)
Minority shareholders' equity		**(83)**	**(104)**
Total shareholders' equity		**256,510**	**251,548**
Provisions for severance indemnities	20	1,369	1,119
Deferred tax liabilities	21	59,922	58,666
Non-current Provisions for risks and charges	22	393	285
Non-current financial liabilities	11	77,008	73,006
Other non-current debt		135	140
Non-current liabilities		**138,827**	**133,216**
Trade payables	23	45,799	55,000
Other current non-financial liabilities	24	7,458	11,368
Current Tax liabilities	25	17,723	13,237
Current provisions for risks and charges	22	3,587	2,049
Current financial liabilities	11	344,468	253,367
Current liabilities		**419,035**	**335,020**
Total liabilities and shareholders' equity		**814,372**	**719,785**

Consolidated cash flow statement

(Euro thousand)	Note	For the six months period ended June 30, 2020	For the year ended December 31, 2019
A. Cash flow generated (absorbed) by operations			
Profit (loss) for the year		5,591	35,481
Income taxes		4,505	8,646
Interest expense (interest income)		11,357	27,568
(Dividends)		0	0
Share-based payment expense		0	2,482
Accruals to provision		3,415	7,499
Depreciation of fixed assets		13,357	19,023
Write-downs for impairment losses		0	708
Other adjustments for non-monetary items		(1,122)	154
Decrease / (increase) in inventories		(8,975)	(18,312)
Decrease / (increase) in trade receivables		8,520	(4,919)
Increase / (decrease) in trade payables		1,777	11,632
Other changes in net working capital		(2,557)	(7,466)
Interest collected / (paid)		(10,777)	(14,074)
(Income tax paid)		(2,978)	4,753
Dividends collected		0	0
(Use of provision)		(21)	(1,365)
CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)		**22,092**	**71,811**
B. Cash flow generated (absorbed) by investment activities			
* Tangible assets			
(Investments)	10	(7,111)	(16,942)
Disposal price		0	0
* Intangible assets			
(Investments)	8	(4,298)	(9,373)
Disposal price		0	0
* Non-current financial assets			
(Investments)		(119)	(4,170)
Disposal price		0	0
* Merger / Acquisitions / Cessation of subsidiaries or business units net of cash and cash equivalents			0
CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES (B)		**(11,528)**	**(30,485)**
C. Cash flow from financing activities			
* Debt			
Proceeds of borrowings	11	318,444	231,048
Repayment of borrowings	11	(246,205)	(137,675)
* Equity			
Proceeds from issue of share capital		0	0
Sale (purchase) of treasury shares		0	0
(Dividends and advances on dividends paid)		0	(125,000)
Repurchase of stock options		0	(28)
CASH FLOW GENERATED (ABSORBED) BY FINANCIAL ACTIVITIES (C)		**72,239**	**(31,655)**
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (A +B +C)		**82,803**	**9,671**
Cash and cash equivalent at the beginning of the year		27,224	17,553
Cash and cash equivalent at the end of the year		**110,027**	**27,224**

Consolidated statement of changes in shareholders' equity

(Euro thousand)	Share capital	Share premium	Translation reserve	Legal reserve	Actuarial reserve	Other reserves	Cash flow hedge reserve	Retained earnings	Result for the year	Group shareholders' equity	Minority shareholders' equity	Total shareholders' equity
As at 31 December 2018.....	**1,004**	**301,300**	**376**	**—**	**(36)**	**324**	**3**	**7,939**	**27,728**	**338,637**	**—**	**338,637**
Net gain/(loss) on cash flow hedges.............................	—	—	—	—	—	—	77	—	—	77		77
Change in actuarial reserve ..	—	—	—	—	(198)	—	—	—	—	(198)		(198)
Exchange differences on translation of foreign operations	—	—	103	—	—	—	—	—	—	103		103
Profit (loss) for the year	—	—	—	—	—	—	—	—	35,579	35,579	(98)	35,481
Total comprehensive income...........................	***0***	***0***	***103***	***0***	***(198)***	***0***	***77***	***0***	***35,579***	***35,561***	***(98)***	***35,463***
Carry forward of 2018 profit	—	—	—	201	—	—	—	27,527	(27,728)	0		0
Dividend distribution	—	(118,672)	—	—	—	—	—	(6,328)	—	(125,000)		(125,000)
Stock option assignment	—	—	—	—	—	2,482	—	—	—	2,482		2,482
Stock option repurchase transaction.......................	—	—	—	—	—	(28)	—	—	—	(28)		(28)
Change in the consolidation area	—	—	—	—	—	—	—	—	—	0	(6)	(6)
As of December 31, 2019....	**1,004**	**182,628**	**479**	**201**	**(234)**	**2,778**	**80**	**29,138**	**35,579**	**251,651**	**(104)**	**251,548**
Net gain/(loss) on cash flow hedges.............................							189			189		189
Change in actuarial reserve ..										0		0
Exchange differences on translation of foreign operations			(822)							(822)	4	(818)
Profit (loss) for the six months period ended June, 2020.......................									5,574	5,574	17	5,591
Total comprehensive income............................	**0**	**0**	**(822)**	**0**	**0**	**0**	**189**	**0**	**5,574**	**4,941**	**21**	**4,962**
Carry forward of 2019 profit								35,579	(35,579)	0		0
Dividend distribution										0		0
Stock option assignment										0		0
Stock option repurchase transaction.......................										0		0
Change in the consolidation area										0		0
As of June 30, 2020............	**1,004**	**182,628**	**(343)**	**201**	**(234)**	**2,778**	**269**	**64,717**	**5,574**	**256,592**	**(83)**	**256,510**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

1 GENERAL INFORMATION

Golden Goose S.p.A. (the "Company") and its subsidiaries (together with the Company, the "Group") operate in the production and marketing of fashion products mainly in the footwear, clothing and related accessories sector. The Group holds, among other things, the established brand "Golden Goose Deluxe Brand". The parent company Golden Goose S.p.A. as of June 30, 2020 was controlled by Sneakers Maker S.p.A.. On June 16, 2020 the parent company Sneakers Maker S.p.A. has been acquired by Astrum 3 S.p.A., a vehicle indirectly incorporated by the Permira fund to acquire the Group. Astrum 3 S.p.A. and Sneakers Maker S.p.A. have been subsequently merged within Golden Goose S.p.A.. For accounting purposes, in accordance with IFRS 3, the convenience date of completion of the acquisition has been designated on July 1, 2020, having assessed that events between the "convenience" date and the actual acquisition date do not result in material changes in the amounts recognized. Therefore, these consolidated financial statements for the six months ended on June 30, 2020 are prepared as the "predecessor" financial statement only to present the performance of the Group for the 2020 financial year from January 1, 2020 through the acquisition date: given the nature of the financial statement and being the period presented shorter than a full fiscal-year, no comparative information is provided.

The consolidated financial statements as of and for the six months ended June 30, 2020 are prepared solely for the purposes of their inclusion in the Offering Memorandum prepared for the offering of notes to certain institutional investors outside the United States of America, in reliance upon Regulation S under the US Securities Act of 1933, as amended (the "Act"), and to qualified institutional buyers in the United States of America in reliance on the exemption from registration provided by Rule 144A.

The consolidated financial statement as of and for the six months ended June 30, 2020 were approved by the Board of Directors held on March 31, 2021.

When used in these notes, unless otherwise specified or the context otherwise indicates, all references to the terms 'Group", "we", "us", "our" and the "Company" refer to Golden Goose S.p.A., the parent entity, and all entities included in our consolidated financial statements.

2 SIGNIFICANT EVENTS OCCURRED DURING THE PERIOD

Signing for the acquisition of the majority stake by the Permira private equity fund

On February 12, 2020 was signed the agreement to transfer of ownership of the Group Golden Goose, from the private equity fund Carlyle to the private equity fund Permira, after a complex competitive process. The entry of the Permira as a new partner, represents the Group Golden Goose a very important moment.

Coronavirus outbreak

The outbreak of SARS CoV 2 ("COVID 19") and measures to prevent its spread, including restrictions on travel, imposition of quarantines, prolonged closures of workplaces and other businesses, and the related impact from closure of supply chains, customers and associated reduction in consumer demand have, and may continue to have, an impact on the Group's business.

In March 2020, the World Health Organization declared COVID-19 a global pandemic and governmental authorities around the world implemented measures to reduce the spread of COVID-19. For example, in January and March 2020, respectively, China and Italy, two of main markets of the Group, imposed strict nationwide lockdowns in which, among other things, non-essential retail stores, such as our stores, were required to close in order to control the spread of COVID-19. Other markets in which the Group operates, such as certain regions of the United States, the United Kingdom and France, have also been affected by lockdowns and similar restrictive measures. Even when the stores reopened, the COVID-19 pandemic has impacted the Group's ability to attract customers to the reopened stores, given the risks, or perceived risks, of gathering in public places and the general economic uncertainty that the COVID-19 pandemic has brought about.

The Group temporarily closed most of the DOS during lockdown periods in 2020, most notably all of the DOS in China and Italy; also the wholesale customers, such as multi-brand stores and department stores, were similarly impacted. Notably, in South Korea, the local government did not implement any general lockdown on retail businesses as a result of the COVID-19 pandemic. Early responses to the pandemic in the APAC region, including China, resulted in partial or full re-openings at a more rapid pace than in EMEA (including Italy). Across the geographies where the Group operates, even where stores have reopened following lockdown periods, high uncertainty associated with the unprecedented lockdown measures has resulted in a cautious ramp-up in footfall.

Since the beginning of the pandemic in 2020, the Group has prioritized prudent cash and liquidity management, and has not accessed any government credit line schemes. The Group maintained a robust liquidity position throughout the period, having generated positive operating cash flow in each financial quarter of the Period, further supported by our Revolving Credit Facility. In March 2020, the Group took the precautionary step of drawing down funds totaling €30.0 million under the revolving credit facility available at that time to preserve financial flexibility; the liquidity was not utilized in any portion of the drawings and the amount was repaid in full in June 2020. In the first half of 2020, the Group additionally postponed non-essential capital expenditures to the second half of the year, and worked to stabilize inventories.

In this economic financial situation, with the aim of reducing the counterparty insolvency risks and facing the liquidity needs more effectively, the Group decided to insure all trade receivables through two accredited global players: Illimity Bank and Sace insurance, operating with credit limits, credit cap and deductible, with a coverage up to 90%.

The Group has not experienced disruptions to the production. Where necessary, the Group have called on other suppliers, redirected shipments and increased stock orders in an effort to ensure continuity of the business, continuing to perform stock checks, monitor production requirements and the capacity of our producers to prevent shortages. The Group has managed issues with raw material supply, the distribution of finished goods and the availability of operating personnel.

In order to protect the workforce and maintain the continuity of the operations, the Group implemented preventative measures including social distancing in the workplace, working from home procedures for office based employees, wearing face coverings in communal areas, providing hand sanitizer and other personal protective equipment to employees, increasing the frequency of cleaning of the stores and offices and emphasizing and educating the employees on proper personal hygiene. Partially due to the success of these measures, outside of the retail stores, the Group has been able to manage the operations and employee absenteeism with minimal disruption. In addition, the Group has implemented additional measures to prevent data security breaches especially since the risk of a breach is higher with remote working arrangements.

3 Basis of preparation

The consolidated financial statements for the six months period ended June 30, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union and in force on the balance sheet date. The explanatory notes to the financial statements have been integrated with the additional information required by the Civil Code. The acronym "IFRS" also means the International Accounting Standards ("IAS") still in force, as well as all the interpretative documents issued by the IFRS Interpretation Committee, previously called the International Financial Reporting Interpretations Committee ("IFRIC") and even before the Standing Interpretations Committee ("SIC").

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position that shows separately current and non-current assets and liabilities based on their realization or extinction within the normal business operating cycle within the twelve months following the end of the year;

- the consolidated Profit and Loss that shows costs and revenues using a classification based on their destination, a method considered more representative than the sector of activity in which the Group operates;

- the consolidated statement of other comprehensive income;

- the consolidated cash flow statement prepared according to the indirect method;

- the consolidated statement of changes in shareholders' equity;

- the explanatory notes containing the information required by current legislation and by international accounting standards.

For the purposes of IFRS 8 "Operating segments", the Group operates in a single operating segment.

These financial statements are expressed in Euro thousands, the functional currency adopted by the Parent Company, in accordance with IAS 1.

4 Area and method of consolidation

The consolidated financial statements originate from the financial statements of the Golden Goose S.p.A. (Parent Company) and of the Companies in which the Parent Company directly or indirectly holds the controlling stake in the capital or exercises control.

Control is obtained when the Group is exposed to or has the right to variable returns, deriving from its relationship with the entity being invested and, at the same time, can influence these returns by exercising its power over that entity.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the entity being invested in (or holds valid rights which confer it the current ability to direct the relevant activities of the entity being invested in);
- the exposure or rights to variable returns deriving from the relationship with the entity being invested in;
- the ability to exercise its power over the entity being invested to affect the amount of its returns.

Generally, there is a presumption that the majority of voting rights entail control. In support of this presumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group considers all the relevant facts and circumstances to determine whether it controls the entity being invested in, including:

- Contractual agreements with other holders of voting rights;
- Rights deriving from contractual agreements;
- Voting rights and potential voting rights of the Group.

The Group reconsiders whether it has control of an investee if the facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control of it and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the period and each of the other components of the comprehensive income statement are attributed to the shareholders of the parent company and to the minority interests, even if this implies that the minority interests have a negative balance. When necessary, appropriate adjustments are made to the financial statements of the subsidiaries, to ensure compliance with the group's accounting policies. All intragroup assets and liabilities, shareholders' equity, revenues, costs and cash flows relating to transactions between group entities are eliminated during the consolidation phase.

The changes in the shareholdings in a subsidiary that do not lead to a loss of control are accounted for equity.

If the Group loses control of a subsidiary, it must eliminate the related assets (including goodwill), liabilities, minority interests and other components of equity, while any profit or loss is recognized in the income statement. The shareholding that may be retained must be recognized at *fair value*.

The list of companies included in the consolidation is provided below:

		Share capital				
Company name	**Site**	**Currency**	**Amount**	**Direct owner**	**Prop. share %**	**Cons. share %**
Golden Goose Holland B.V.	Amsterdam	Euro	10.000	Golden Goose S.p.A.	100	100
SASU Golden Goose France	Parigi	Euro	800.000	Golden Goose S.p.A.	100	100
Golden Goose USA INC	Wilmington	USD	909.877	Golden Goose S.p.A.	100	100
Golden Goose DB UK LTD	Londra	GBP	873.000	Golden Goose S.p.A.	100	100
Golden Goose Germany Gmbh ...	Munich	Euro	1.300.000	Golden Goose S.p.A.	100	100
Golden Goose HK Ltd................	Hong Kong	HKD	1.702.351	Golden Goose S.p.A.	100	100

Golden Goose Korea Ltd	Seoul	KRW	8.496.080.000	Golden Goose S.p.A.	100	100
Golden Goose Switzerland Gmbh	Zurigo	CHF	100.000	Golden Goose S.p.A.	100	100
Golden Goose Austria Gmbh	Vienna	Euro	285.000	Golden Goose S.p.A.	100	100
Golden Goose Spain SL	Barcelona	Euro	3.000	Golden Goose S.p.A.	100	100
Golden Goose Belgium Sprl	Bruxelles	Euro	18.550	Golden Goose S.p.A.	100	100
Golden Goose Denmark ApS	Copenaghen	DKK	50.000	Golden Goose S.p.A.	100	100
Golden Goose Shanghai Trading Co	Shanghai	CNY	21.772.915	Golden Goose S.p.A.	100	100
Golden Goose Japan Ltd	Tokyo	JPY	7.000.000	Golden Goose S.p.A.	100	100
Golden Goose Portugal Lda	Lisbona	Euro	5.000	Golden Goose S.p.A.	100	100
Golden Goose Trading Llc	Dubai	AED	100.000	Golden Goose S.p.A.	49*	49*
Golden Goose Macau Ltd	Macau	MOP	100.000	Golden Goose S.p.A.	100	100
Golden Goose Taiwan Ltd	Taiwan	TWD	344.490	Golden Goose S.p.A.	100	100
Golden Goose Australia Ltd	Sidney	AUD	10.000	Golden Goose S.p.A.	100	100
Golden Goose New York LLC	New York	USD	896.110	Golden Goose USA INC	100	100
Golden Goose LA LLC	Studio City	USD	100.000	Golden Goose USA INC	100	100
Golden Goose Madison LLC	New York	USD	100.000	Golden Goose USA INC	100	100
Golden Goose Miami Llc	Miami	USD	—	Golden Goose USA INC	100	100
Golden Goose San Francisco Llc	San Francisco	USD	—	Golden Goose USA INC	100	100
Golden Goose LV Llc	Miami	USD	—	Golden Goose USA INC	100	100
Golden Goose Woodbury Llc	New York	USD	—	Golden Goose USA INC	100	100
Golden Goose SCP Llc	Miami	USD	—	Golden Goose USA INC	100	100
Golden Goose Boston Llc	Miami	USD	—	Golden Goose USA INC	100	100
Golden Goose Dallas Llc	Miami	USD	—	Golden Goose USA INC	100	100
Golden Goose Hampton Llc	New York	USD	—	Golden Goose USA INC	100	100
Golden Goose Hawaii Llc	Honolulu	USD	—	Golden Goose USA INC	100	100
Golden Goose New Jersey Llc	New Jersey	USD	—	Golden Goose USA INC	100	100
Golden Goose Nashville Llc	Miami	USD	—	Golden Goose USA INC	100	100
Golden Goose Atlanta Llc	Georgia	USD	—	Golden Goose USA INC	100	100
Golden Goose Chicago Llc	Illinois	USD	—	Golden Goose USA INC	100	100
Golden Goose Houston Llc	Taxas	USD	—	Golden Goose USA INC	100	100
Golden Goose Santa Clara Llc	California	USD	—	Golden Goose USA INC	100	100
Golden Goose Scottsdale Llc	Arizona	USD	—	Golden Goose USA INC	100	100
Golden Goose Virginia Llc	Virginia	USD	—	Golden Goose USA INC	100	100

(*) the 51% of the shares of Golden Goose Dubai are owned by a local shareholder in accordance with a local law. Golden Goose Group is entitled to 80% of the distribution of profits.

4 Area and method of consolidation

The equity and all intercompany transactions included in the consolidation area are eliminated. Gains and losses arising from transactions between consolidated companies that are not realized through transactions with third parties are eliminated. During the pre-consolidation, the items of exclusive tax relevance were eliminated and the related deferred taxes were set aside.

The conversion of the balance sheet of the foreign subsidiaries and associated companies was carried out using the spot exchange rate on the balance sheet date for the assets and liabilities, while the average exchange rate for the period was used for the income statement items. The net effect of translating the financial statements of the investee company into the reporting currency is recognized in the "*Translation reserve*".

For the conversion of financial statements prepared in foreign currencies, the following rates have been applied:

Currency description	Spot at June 30, 2020	Average 2020
U.S. dollar—USD	1,11980	1,101
Pound Sterling—GBP	0,912	0,874
Won South Korea—KRW	1.345,83	1.329,295
HK dollar—HKD	8,679	8,548
Renminbi (Yuan)—CNY	7,922	7,748
Danish Krone—DKK	7,465	7,453
Swiss Franc—CHF	1,065	1,064
Japanese Yen—JPY	120,66	119,207
Arab Emirates Diram—AED	4,113	4,045
Pataca Macao—MOP	8,939	8,805
Taiwan dollar—TWD	33,008	33,055
Australian dollar—AUD	1,634	1,678

5 Significant accounting principles

Current/ non-current classification

The assets and liabilities in the Group's financial statements are presented according to the current / non-current classification. An activity is current when:

- it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- it is mainly held for trading;
- it is expected to be realized within twelve months after the year end date; or
- it consists of cash or cash equivalents unless it is forbidden to exchange or use it to extinguish a liability for at least twelve months from the year end date.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in its normal operating cycle;
- it is mainly held for trading;
- must be extinguished within twelve months from the end of the financial year; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the year-end date.

The contractual conditions of the liability which could, upon the option of the counterparty, lead to the extinction of the same through the issue of equity instruments do not affect their classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified among non-current assets and liabilities.

TANGIBLE AND INTANGIBLE ASSETS

Intangible assets

Intangible assets acquired separately are initially recognized at cost, while those acquired through business combinations are recognized at *fair value* on the acquisition date. After initial recognition, intangible assets are recognized at cost net of accumulated amortization and any accumulated impairment losses. Intangible assets produced internally, except for development costs, are not capitalized and are recognized in the income statement for the year in which they were incurred.

The useful life of intangible assets is assessed as either finite or indefinite.

Intangible assets with a defined useful life are amortized over their useful life and are subject to impairment testing whenever there are indications of a possible loss in value. The amortization period and the amortization method of an intangible asset with a finite useful life is reconsidered at least at each year-end. Changes in the expected useful life or in the ways in which the future economic benefits associated with the asset will be realized are recognized through the change in the period or the method of amortization, as appropriate, and are considered changes in accounting estimates. The amortization portions of intangible assets with a finite useful life are recognized in the profit / (loss) statement for the year in the cost category consistent with the function of the intangible asset.

Intangible assets with an indefinite useful life are not amortized, but are subject to annual impairment tests, both individually and at the level of the cash-generating unit. The evaluation of the indefinite useful life is reviewed annually to determine whether this attribution continues to be sustainable, otherwise, the change from indefinite useful life to defined useful life is applied on a prospective basis.

An intangible asset is eliminated at the time of its disposal (that is, the date when the purchaser obtains control of it) or when no future economic benefits are expected from its use or disposal. Any profit or loss deriving from the elimination of the asset (calculated as the difference between the net sale price and the carrying amount of the asset) is included in the income statement.

Industrial patent rights and rights to use intellectual property, licenses and concessions are amortized at an annual rate of 33%.

Trademarks: as regards the multi-year costs incurred during the registration of distinctive signs and the filing of company trademarks, amortization was carried out over 18 years; as regards the component that emerged when allocating the Group's acquisition price, the same is considered to have an indefinite useful life and therefore subjected to *impairment* tests annually.

Key Money: this item includes the amounts paid by the Group to take over the contractual positions relating to commercial properties located in prestigious locations. The *Key money* is amortized over the term of the lease, considering the possibility of renewal.

For intangible assets the amortization period is at most equal to the legal or contractual limit. If the Group plans to use the asset for a shorter period, the useful life reflects this shorter period rather than the legal or contractual limit for the purpose of calculating depreciation.

The amortization criteria adopted for the various items of intangible assets are illustrated below:

Description	**Rate %**
Brand name	indefinite useful life
Key Money..	duration of the lease
licensing	33.33
Patents and Trademarks..	5.56
Software programs	33.33
Other intangible assets..	20.00

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at *fair value* on the acquisition date, and the amount of the minority interest in the acquiree. For each business combination, the Group defines whether to measure the minority interest in the acquiree at *fair value* or in proportion to the share of the minority interest in the identifiable net assets of the acquiree. Acquisition costs are expensed during the year and classified among general and administration expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, economic conditions and other relevant conditions existing at the acquisition date. This includes verification to determine whether an embedded derivative should be separated from the primary contract.

Any potential consideration to be recognized is recognized by the buyer at *fair value* on the acquisition date. The contingent consideration classified as equity is not subject to remeasurement and its subsequent payment is recorded through shareholders' equity. The change in the *fair value* of the potential consideration classified as an asset or liability, as a financial instrument that is the subject of IFRS 9 Financial instruments, must be recognized in the income statement in accordance with IFRS 9. The potential consideration that does not fall within the scope of the IFRS 9 is measured at *fair value* at the balance sheet date and changes in *fair value* are recognized in the income statement.

Goodwill is initially recognized at the cost represented by the excess of the total amount paid and the amount entered for minority interests compared to the identifiable net assets acquired and the liabilities assumed by the Group. If the *fair value* of the net assets acquired exceeds the amount of the consideration paid, the Group again checks whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to determine the amounts to be recognized at the acquisition date. If the *fair value* of the net assets acquired still exceeds the consideration, the difference (profit) is recognized in the income statement.

After initial recognition, goodwill is valued at cost net of accumulated impairment losses. As *impairment test*, the goodwill acquired in a business combination is allocated, from the date of acquisition, to each cash generating unit of the Group which is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to such units.

If the goodwill has been allocated to a cash-generating unit and the entity disposes part of the assets of that unit, the goodwill associated with the asset disposed of is included in the carrying amount of the asset when determining the profit or the loss of the divestment. The goodwill associated with the disposed business is determined based on the values of the disposed business and the retained part of the cash generating unit.

Tangible assets

Assets under construction are accounted at historical cost, less any accumulated impairment losses. Tangible assets are accounted at historical cost, net of accumulated depreciation and accumulated impairment losses. This cost includes the costs for the replacement of part of machinery and plant when they are incurred, if they comply with the recognition criteria. Where periodic replacement of significant parts of plant and machinery is necessary, the Group depreciates them separately based on the specific useful life. Similarly, in the event of major revisions, the cost is included in the book value of the plant or machinery as in the case of replacement, where the criterion for recognition is met. All other repair and maintenance costs are recognized in the income statement when incurred. If significant, the present value of the cost of dismantling and removing the asset at the end of its use is included in the cost of the asset, if the recognition criteria for a provision are met.

Tangible assets are accounted at the purchase cost actually incurred for the acquisition or production of the asset and are recognized when the transfer of risks and benefits takes place, which normally coincides with the transfer of the legal title. This cost includes the purchase cost, the accessory purchase costs and all costs incurred to bring the asset to the place and conditions necessary for it to operate in the manner intended by the Group. The production cost includes direct costs (direct material and labor, design costs, external supplies, etc.) and general production costs, for the portion reasonably attributable to the asset for the period of its manufacture up to the time in the asset is ready for use.

Tangible fixed assets, the use of which is limited in time, are systematically depreciated in each year in relation to their residual possibility of use and reduced by half in the year when the asset enters service. Depreciation starts from the time the asset is available and ready for use.

The depreciation amount charged to each year refers to the breakdown of the cost incurred over the entire estimated duration of use.

The residual value is not taken into account when it is considered small compared to the value to be depreciated.

The rates applied, unchanged compared to the previous year, are as follows:

Description	Rate %
Equipment	25.00
Automatic machinery	12.50
Office electronic machines	20.00
Various and small equipment	25.00
Furniture and furnishings	12.00
Cars	25.00
Motor vehicles	20.00
Generic plant	7.50
Commercial equipment	15.00
Specific plant	7.50
Civil buildings	3.00

Temporarily unused assets are also subject to depreciation.

Advances to suppliers for the purchase of tangible fixed assets are initially recognized on the date on which the obligation to pay these amounts arises.

If, regardless of the amortization already accounted for, the asset is impaired, the fixed asset is correspondingly written down. If in subsequent years the conditions for the write-down no longer exist, the impairment is reversed up to the carrying value the asset would have had if no impairment had originally been recognized.

The book value of an item of property, plant and machinery and any significant component initially recognized is eliminated at the time of disposal (i.e. on the date on which the buyer obtains control of it) or when no future economic benefit is expected from its use or disposal. The profit / loss arising when the asset is derecognized (calculated as the difference between the asset's net book value and the consideration received) is recognized in the income statement when the item is derecognized.

The residual values, useful lives and depreciation methods of property, plant and machinery are reviewed at the end of each year and, where appropriate, corrected prospectively.

Impairment of non-financial assets

At each balance sheet date, the Group assesses the possible existence of indicators of impairment of assets. In this case, or in cases where an annual check on the loss of value is required, the Group makes an estimate of the recoverable value. The recoverable value is the higher of the *fair value* of the asset or unit generating cash flows, net of selling costs, and its value in use. The recoverable value is determined by individual asset, except when such asset generates cash flows that are not largely independent of those generated by other assets or groups of assets. If the book value of an asset is higher than its recoverable value, this asset has suffered an impairment loss and is consequently written down to bring it back to the recoverable value.

In determining the value in use, the Group discounts estimated future cash flows to the present value using a pre-tax discount rate, which reflects the market valuations of the present value of money and the specific risks of the asset. In determining the fair value net of selling costs, recent market transactions are taken into account. If such transactions cannot be identified, an appropriate valuation model is used. These calculations are corroborated by suitable valuation multipliers and other available fair value indicators.

The Group bases its *impairment* test on more recent budgets and forecast calculations, prepared separately for each Group cash generating unit to which individual activities are allocated. These budgets and forward-looking calculations generally cover a 4-year period. A long-term growth rate is calculated to project future cash flows beyond the fifth year.

Impairment losses of assets in operation are recognized in the profit / (loss) statement for the year in consistently with the destination of the asset that highlighted the impairment.

For assets other than goodwill and other intangible assets with an indefinite useful life, at each balance sheet date, the Group assesses the possible existence of indicators of the loss (or reduction) of previously recognized impairment losses and, if such indicators exist, estimate the recoverable amount of the asset or CGU. The value of a previously written down asset can be restored only if there have been changes in the assumptions on which the calculation of the determined recoverable value was based, after the recognition of the last impairment loss. The recovery of value cannot exceed the book value which would have been determined, net of depreciation, if no loss of value had been recognized in previous years. This recovery is recognized in the profit / (loss) statement for the year unless the asset is not recognized at revalued value, in which case the recovery is treated as an increase from revaluation.

Goodwill and other intangible assets with indefinite useful life are subjected to impairment test at least annually or more frequently if circumstances indicate that the carrying value may be subject to impairment.

The impairment of goodwill is determined by evaluating the recoverable value of the cash-generating unit (or group of cash-generating units) to which the goodwill is attributable. If the recoverable amount of the cash generating unit is lower than the carrying amount of the cash generating unit to which the goodwill has been allocated, an impairment loss is recognized. The reduction in the value of goodwill cannot be reversed in future years.

Intangible assets with an indefinite useful life are subject to impairment tests at least once a year with reference, at the level of the cash-generating unit and when circumstances indicate that there may be a loss in value.

INVENTORIES

The evaluation of the various categories of goods was carried out according to the following criteria.

Raw, ancillary and consumable materials

The materials in stock are valued at the lower of the purchase cost, determined with the weighted average cost method, and the presumed net realizable value that emerges from the market trend.

Work in progress and semi-finished products

Direct costs are considered in the evaluation, according to the stage of processing achieved.

Finished products and goods

The finished products in the warehouse are valued at the lower of the weighted average production cost (which includes the direct cost of materials and labor plus a share of the general production costs, based on normal production capacity, excluding financial charges) and the presumed net realizable value that emerges from market trends.

The goods are valued at the lower of the purchase cost, determined using the weighted average cost method of the year, and the presumed net realizable value that emerges from the market trend.

The market value is represented, as regards raw materials and products in progress, by the presumed net realizable value of the corresponding finished products less the completion costs, as regards the finished products by the presumed net realizable value.

The products considered obsolete, based on the age, the frequency of rotation, the possibility of use or realization are adjusted by the depreciation fund.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents and short-term deposits include cash on hand and sight and short-term deposits, highly liquid deposits with a maturity of three months or less, which are readily convertible into a given amount of money and subject to a risk that is not significant changes in value.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are made when the Group has a present obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made in the amount of the obligation. When the Group believes that a provision for risks and charges will be partially or fully reimbursed, for example in the case of risks covered by insurance policies, the compensation is recognized separately and separately in the assets if, and only if, it is virtually certain. In this case, the cost of any provision is presented in the profit / (loss) statement for the period net of the amount recognized for the reimbursement.

If the effect of the value of money over time is significant, the provisions are discounted using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When the liability is discounted, the increase in the provision due to the passage of time is recognized as a financial charge.

PROVISIONS FOR SEVERANCE INDEMNITIES

The benefits paid to employees at or after the termination of the employment relationship are divided according to the economic nature into defined contribution plans and defined benefit plans. In defined contribution plans, the legal or implicit obligation of the company is limited to the amount of contributions to be paid. In defined benefit plans, the company's obligation is to grant and insure the agreed benefits to employees: consequently, the actuarial and investment risks fall on the company.

Until December 31, 2006, the severance indemnity fell within the scope of the plans following the employment relationship of the "defined benefit plans" type and was measured using the projected unit credit method carried out by independent actuaries. This calculation consists in estimating the amount of benefit that an employee will receive on the presumed termination date of employment using demographic assumptions (e.g. mortality rate and staff turnover rate) and financial assumptions (e.g. discount rate and increases future wages). The amount thus determined is discounted and re-proportioned based on the seniority accrued with respect to the total seniority.

Following the reform introduced with Law no. 296 of 27 December 2006, the provision for severance indemnities for the part matured from 1 ° January 2007, is substantially similar to the "defined contribution plan." In particular, these modifications introduced the possibility of the worker to choose the destination of his provisions for severance indemnities maturing: the new provision flows can be, in companies with more than 50 employees, addressed by the worker to selected pension schemes or transferred to the Treasury Fund at INPS.

With regard to the presentation in the income statement of the various cost components relating to the employee leaving indemnity, it was decided to apply the accounting method allowed by IAS 19 which requires the separate recognition in the income statement of the cost components related to the work performance (classified under the cost labor costs) and net financial charges (classified within the financial area), and the recognition of actuarial gains and losses that derive from the measurement in each financial year of the liability and asset among the components of the comprehensive income statement. The profit or loss deriving from the actuarial calculation of the defined benefit plans (provision for severance indemnity) is fully recognized in the comprehensive income statement.

SHARE-BASED PAYMENTS

Group employees (including managers) receive part of the remuneration in the form of share-based payments, therefore employees provide services in exchange for shares.

The cost of transactions settled with equity instruments is determined by the fair value on the date the assignment is made using an appropriate valuation method.

This cost, together with the corresponding increase in shareholders' equity, is recognized among personnel costs over the period in which the conditions relating to the achievement of objectives and / or the provision of the service are met. The cumulative costs recognized for these transactions at the end of each financial year up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually accrue. The cost or income in the profit / (loss) statement for the year represents the change in the accumulated cost recognized at the beginning and end of the year.

The conditions of service or performance are not taken into consideration when the fair value of the plan is defined at the assignment date. However, account is taken of the probability that these conditions will be met in defining the best estimate of the number of equity instruments that will mature. Market conditions are reflected in the *fair value* on the assignment date. Any other condition linked to the plan, which does not lead to a service obligation, is not considered as a vesting condition. The non-vesting conditions are reflected in the *fair value* of the plan and involve the immediate accounting of the cost of the plan, unless there are also service or performance conditions.

No cost is recognized for rights that do not accrue as the *performance* and / or service conditions are not met. When the rights include a market condition or a non-vesting condition, these are treated as if they had matured regardless of whether the market conditions or the other non-vesting conditions to which they are subject are respected or not, provided that all the other performance and / or service conditions must be met.

If the conditions of the plan are changed, the minimum cost to be recognized is the *fair value* at the assignment date in the absence of the plan change, on the assumption that the original conditions of the plan are met. In addition, there is a cost for each change that involves an increase in the total *fair value* of the payment plan, or which is in any case favorable for employees; this cost is valued with reference to the modification date. When a plan is canceled by the entity or the counterparty, any remaining element of the plan's *fair value* is expensed immediately in the income statement.

RIGHTS OF USE

The Group assesses when signing a contract if it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period in exchange for a payment.

Except for contracts involving low unit value assets, all financial lease and rental contracts are capitalized in the "Right of use" item from the commencement date of the contract to the value of the liability, reduced by any incentives received and increased for any initial direct costs incurred and the estimate of restoration costs. A liability equal to the present value of the fixed payments over the duration of the contract as well as the payments for any purchase options for which the exercise is reasonably certain and any penalties for terminating the contract, where the duration of the contract, is entered in the liabilities. take this into account. The duration of the contract considers the period not cancellable as well as the extension options in the event of reasonable certainty of exercise of the same and the periods covered by the option to terminate the contract where there is reasonable certainty not to exercise the withdrawal. In calculating the present value of the payments due, the Group uses the marginal financing rate at the commencement date if the implicit interest rate cannot be easily determined.

The liability is progressively reduced based on the repayment plan of the portions of capital included in the lease payments. The installments are divided between the principal portion and the interest portion, in order to obtain the application of a constant interest rate on the residual balance of the debt (principal portion). Financial charges are charged to the income statement. Variable leasing payments that do not depend on an index or rate are recognized as costs in the period (unless they have been incurred for the production of inventories) in which the event or condition that generated the payment occurs.

The right of use is amortized by applying the criterion indicated for tangible fixed assets over the duration of the contract, or on the basis of the rates indicated for tangible fixed assets if the exercise of any purchase option is reasonably certain. Depreciation and interest are shown separately. The right of use activities is subject to impairment.

For lease and rental contracts in which there is no purchase option and involving low unit value goods, the payments of the related charges are recognized as costs in the income statement on a straight-line basis over the duration of the contract.

Following Covid-19 pandemics and the Amendment to IFRS 16 issued in May 2020, the Group elected to apply the practical expedient not to assess whether a Covid-19 related rent concession from a lessor is a lease modification: in particular, rent discount in the form of forgiveness of lease payment are accounted as a negative variable lease expense in the period when changes in facts and circumstances on which the variable lease payments are based occur. The Group applies this policy consistently to contracts with similar characteristics and in similar circumstances.

FINANCIAL INSTRUMENTS—RECOGNITION AND EVALUATION

A financial instrument is any contract that gives rise to a financial asset for an entity and to a financial liability or equity instrument for another entity.

Financial activities

Initial detection and evaluation

At the time of initial recognition, financial assets are classified, according to the cases, according to the subsequent measurement methods, that is, the amortized cost, the fair value recognized in the OCI comprehensive income statement and the *fair value* recognized in the income statement.

The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model that the Group uses for their management. Apart from trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially assesses a financial asset at its *fair value* plus, in the case of a financial asset not at *fair value* recognized in the income statement, the transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are valued at the transaction price as illustrated in the paragraph Revenue recognition.

In order for a financial asset to be classified and valued at the amortized cost or at the *fair value* recorded in OCI, it must generate cash flows that depend only on the principal and interest on the amount of principal to be repaid (so-called ‘*solely payments of principal and interest* (SPPI)’). This assessment is referred as an SPPI test and is performed at the instrument level. Financial assets whose cash flows do not meet the above requirements (SPPI) are classified and measured at fair value through profit or loss.

5 SIGNIFICANT ACCOUNTING PRINCIPLES

The Group's business model for managing financial assets refers to the way in which it manages its financial activities in order to generate financial flows. The business model determines whether the cash flows will derive from the collection of contractual cash flows, from the sale of the financial assets or from both.

Financial assets classified and measured at amortized cost are owned within the framework of a business model whose objective is the possession of financial assets aimed at collecting contractual cash flows while financial assets that are classified and measured at *fair value* recognized in OCI are owned within the framework of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets.

The purchase or sale of a financial asset that requires its delivery within a period of time generally established by regulation or market conventions (so-called standardized sale or regular way trade) is recognized on the trade date, i.e. the date on which the Group undertook to buy or sell the asset.

Subsequent evaluation

For the purpose of subsequent evaluation, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at *fair value* through the comprehensive income statement with reclassification of accumulated profits and losses (debt instruments);
- Financial assets at *fair value* through the comprehensive income statement without reversing the accumulated profits and losses at the time of elimination (equity instruments);
- Financial assets at *fair value* through profit or loss.

<u>Financial assets at amortized cost (debt instruments)</u>

Financial assets at amortized cost are subsequently valued using the effective interest criterion and are subject to impairment. Gains and losses are recognized in the income statement when the asset is eliminated, modified or revalued.

Financial assets at amortized cost of the Group include trade receivables and certain loans to directors and managers included in other non-current financial assets.

<u>Financial assets at fair value through OCI (debt instruments)</u>

For assets from debt instruments measured at *fair value* through OCI, interest income, changes due to exchange differences and impairment losses, together with write-backs, are recognized in the income statement and are calculated in the same way as the financial assets measured at amortized cost. The remaining changes in *fair value* are recognized in OCI. At the time of elimination, the cumulative change in fair value recognized in OCI is reclassified in the income statement.

At the balance sheet date and in the comparative periods shown, the Group had no activities included in this category.

<u>Investments in equity instruments</u>

Upon initial recognition, the Group may irrevocably choose to classify its equity investments as equity instruments recognized at *fair value* issued in OCI when they meet the definition of equity instruments pursuant to IAS 32 "Financial instruments: Presentation" and are not held for trading. Classification is determined for each individual instrument.

The profits and losses achieved on these financial assets are never transferred to the income statement. Dividends are recognized as other income in the income statement when the right to payment has been approved, except when the Group benefits from such income as a recovery of part of the cost of the financial asset, in which case such profits are recognized in OCI. Equity instruments recognized at *fair value* through OCI are not subject to an impairment test.

At the balance sheet date and in the comparative periods shown, the Group had no activities included in this category.

<u>Financial assets at fair value through profit or loss</u>

Financial instruments at *fair value* with changes recognized in the income statement are entered in the statement of financial position at *fair value* and net changes in *fair value* recognized in the profit / (loss) statement for the year.

This category includes derivative instruments which have not been classified as hedging instruments.

The embedded derivative contained in a hybrid non-derivative contract, in a financial liability or in a main non-financial contract, is separated from the main contract and accounted for as a separate derivative, if: its economic characteristics and the risks associated with it are not strictly correlated to those of the main contract; a separate instrument with the same terms as the embedded derivative would satisfy the definition of a derivative; and the hybrid contract is not measured at *fair value* through profit or loss. Embedded derivatives are measured at *fair value,* with the changes in *fair value* recognized in the income statement. A recalculation takes place only if there is a change in the terms of the contract that significantly changes the cash flows otherwise expected or a reclassification of a financial asset to a category other than the *fair value* in the income statement.

Cancellation

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is canceled in the first place (e.g. removed from the statement of financial position of the Group) when:

- the rights to receive cash flows from the asset are extinguished, or
- the Group has transferred the right to receive cash flows from the asset to a third party or has assumed a contractual obligation to pay them in full and without delay and (a) has substantially transferred all the risks and rewards of ownership of the financial asset, or (b) has not transferred or substantially retained all the risks and rewards of the asset, but has transferred control of it.

In cases where the Group has transferred the rights to receive cash flows from an asset or has signed an agreement under which it maintains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the financial flows to one or more beneficiaries (*pass- through*), it assesses whether and to what extent it has retained the risks and benefits inherent in possession. If it has neither transferred nor substantially retained all the risks and benefits or has not lost control over it, the activity continues to be recognized in the Group's financial statements to the extent of its residual involvement in the activity itself. In this case, the Group also recognizes an associated liability. The transferred asset and the associated liability are valued to reflect the rights and obligations that remain the Group's responsibility.

When the entity's residual involvement is a guarantee on the transferred asset, involvement is measured on the basis of the lesser of the amount of the asset and the maximum amount of the consideration received that the entity may have to repay.

Impairment losses

The Group recognizes an *expected credit loss* 'ECL' for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include the cash flows deriving from the enforcement of the collateral held or other credit guarantees which are an integral part of the contractual conditions.

The expected loss is detected you in two phases. With regard to credit exposures for which there has not been a significant increase in credit risk since the initial recognition, it is necessary to recognize the credit losses that derive from the estimate of *default* events that are possible within the following 12 months (12-month ECL). For credit exposures for which there has been a significant increase in credit risk since initial recognition, the expected losses that refer to the residual duration of the exposure must be recognized in full, regardless of when the default event is expected that occurs ("*Lifetime* ECL").

For trade receivables and contract activities, the Group applies a simplified approach in calculating expected losses. Therefore, the Group does not monitor changes in credit risk, but fully recognizes the expected loss at each reference date. The Group has defined a matrix system based on historical information, revised to consider prospective elements with reference to the specific types of debtors and their economic environment, as a tool for determining expected losses.

For assets represented by debt instruments measured at *fair value* through OCI, the Group applies the simplified approach allowed for low credit risk assets. At each balance sheet date, the Group assesses whether the debt instrument is deemed to have low credit risk using all available information that can be obtained without excessive costs or efforts. In making this assessment, the Group monitors the creditworthiness of the debt instrument. In addition, the Group assumes that there has been a significant increase in credit risk when contractual payments have expired for over 30 days.

The Group considers a financial asset in default when contractual payments have expired for 90 days. In some cases, the Group may also consider that a financial asset is in default when internal or external information indicates that the Group is unlikely to recover the contractual amounts entirely before considering the credit guarantees held by the Group. A financial asset is eliminated when there is no reasonable expectation of recovery of the contractual cash flows.

Financial liabilities

Initial detection and evaluation

Financial liabilities are classified upon initial recognition, as financial liabilities at *fair value* through profit or loss, including mortgages and loans, or between the derivatives designated as hedging instruments.

All financial liabilities are initially recognized at *fair value* to which are added, in the case of mortgages, loans and payables, the transaction costs directly attributable to them.

The Group's financial liabilities include trade and other payables, mortgages and loans, including bank overdrafts, reverse factoring liabilities and financial derivative instruments.

Subsequent evaluation

For the purposes of subsequent evaluation, financial liabilities are classified into two categories:

- Financial liabilities at *fair value* through profit or loss
- Financial liabilities at amortized cost (loans and loans)

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at *fair value* with changes recognized in the income statement include liabilities held for trading and financial liabilities initially recognized at *fair value* with changes recognized in the income statement.

Liabilities held for trading are all those assumed with the intention of extinguishing or transferring them in the short term. This category also includes the derivative financial instruments subscribed by the Group which are not designated as hedging instruments in a hedging relationship defined by IFRS 9. The embedded derivatives, separated from the main contract, are classified as financial instruments held for trading unless are designated as effective hedging instruments.

<u>Financial liabilities at amortized cost (loans)</u>

This is the most relevant category for the Group. After initial recognition, the loans are valued with the amortized cost criterion using the effective interest rate method. Gains and losses are recognized in the income statement when the liability is extinguished, as well as through the amortization process.

The amortized cost is calculated by recording the discount or premium on the acquisition and the fees or costs that form an integral part of the effective interest rate. Amortization at the effective interest rate is included in the financial charges in the profit / (loss) statement.

This category generally includes interest-bearing loans and interest-bearing loans.

Cancellation

A financial liability is canceled when the obligation underlying the liability is extinguished, canceled or fulfilled. If an existing financial liability is replaced by another of the same lender, at substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is treated as an accounting cancellation of the original liability, accompanied by the recognition of a new liability, with recognition of any differences between book values in the profit / (loss) statement for the period.

Offsetting financial instruments

A financial asset and liability can be offset, and the net balance shown in the statement of financial position, if there is a current legal right to offset the amounts recognized in the accounts and there is an intention to pay off the net residual or realize the assets and simultaneously extinguish the liability.

Presentation

The Group presents liabilities that are part of a reverse factoring arrangement as part of trade payables only when those liabilities have a similar nature and function to trade payables. In assessing whether to present reverse factoring liabilities as trade receivables or financial liabilities the Group considers all relevant terms, including additional payment terms obtained with the reverse factoring agreement.

DIVIDENDS

The Parent Company recognizes a liability against the payment of a dividend when the distribution is properly authorized and is no longer at the discretion of the company. Under company law applicable in Italy, a distribution is authorized when it is approved by the shareholders. The corresponding amount is recognized directly in equity.

REVENUE RECOGNITION

The Group is engaged in the production, distribution and sale of men' and women' footwear, clothing and accessories in the *fashion luxury* market.

Revenues from contracts with customers are recognized when control of the goods and services is transferred to the customer for an amount that reflects the consideration that the Group expects to receive in exchange for these goods or services. The Group generally concluded that it acts as Principal for most of the agreements that generate revenues.

Revenues from the sale of products are recognized when the control of the asset passes to the customer, which for wholesale sales generally coincides with shipping, while for retail sales it is contextual to the delivery of the asset. The usual terms of commercial extension go on average from 30 to 60 days from shipment, see note 11.4.4 for further details.

The Group considers whether there are other promises in the contract that represent *performance obligations* on which a part of the consideration of the transaction must be allocated. In determining the price of the sales transaction, the Group considers the effects deriving from the presence of variable consideration, significant financing components, non-monetary considerations and considerations to be paid to the customer (if any).

If the consideration promised in the contract includes a variable amount, the Group estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the goods to the customer.

The variable consideration is estimated at the time of signing the contract and it is not possible to recognize it until it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, a significant decrease adjustment to the amount of the cumulative revenues that have been accounted for. Some wholesale contracts provide the customer with a right to return the goods within a certain period of time. As regards the right of return, the Group uses the expected value method to estimate the variable consideration in the presence of a large number of contracts that have similar characteristics. The Group therefore applies the requirements on binding estimates of the variable consideration in order to determine the amount of the variable consideration that can be included in the transaction price and recognized as revenue. The right to return an activity (and the corresponding adjustment of the cost of sales) is also recognized for the right to receive the goods from the customer. The right of return activity represents the right of the Group to recover the goods that are expected to be returned by customers. The asset is valued at the previous book value of inventories net of any recovery costs, including possible reduction in the value of the returned products. The Group periodically updates the estimate with reference to the expected amount of returns from customers, as well as any further reductions in value of the returned products. The refund liability represents the obligation to repay part or all of the consideration received (or to be received) from the customer and is assessed on the basis of the value that the Group expects to have to return to the customer. The Group updates its estimates of repayment liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

A receivable is recognized when the consideration is due unconditionally by the customer (i.e., it is only necessary for the time to elapse before payment of the consideration is obtained). Please refer to the paragraph Financial instruments—initial recognition and subsequent evaluation.

The contractual liability is an obligation to transfer to the customer goods or services for which the Group has already received the consideration (or for which a portion of the consideration is due). The contractual liability is recognized if the payment has been received or the payment is due (whichever comes first) by the customer before the Group has transferred control of the goods or services to him. Liabilities deriving from the contract are recognized as revenues when the Group satisfies the performance obligation in the related contract (i.e. control of the goods or services has been transferred to the customer).

INCOME TAXES

Current taxes

Current tax assets and liabilities for the year are recognized for the amount expected to be recovered or paid to the tax authorities. The rates and tax legislation used to calculate the amount are those issued, or substantially in force, at the balance sheet date in the countries where the Group operates and generates its taxable income.

Current taxes relating to items recognized directly in equity are also recognized in equity and not in the statement of profit / (loss) for the period. The Management periodically evaluates the position taken in the tax return in cases where the tax rules are subject to interpretation and, where appropriate, accrues a provision.

Direct taxes for the year are recorded based on the estimate of taxable income, in accordance with the provisions of the law and the rates in force, taking into account any applicable exemptions. The tax payable is recognized in the item Tax payables net of advances paid, withholdings and tax receivables.

Deferred taxes

Deferred taxes are calculated by applying the so-called "*liability method"* to the temporary differences at the balance sheet date between the tax values of the assets and liabilities and the corresponding balance sheet values.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not affect the balance sheet result or the tax result;

- the reversal of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures can be controlled, and it is likely that it will not occur in the foreseeable future.

Deferred tax assets are recognized against all deductible temporary differences, unused tax credits and losses that can be carried forward, to the extent that it is probable that enough future taxable income will be available, which could allow the use of the differences, temporary deductible and tax credits and losses carried forward, except in cases where:

- the deferred tax asset connected to the deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not affect the balance sheet result, nor the tax result;

- in the case of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognized only to the extent that it is probable that they will be reversed in the foreseeable future and that there will be enough taxable income that will allow the recovery of such temporary differences.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that enough taxable income will be available in the future to allow the use of this credit in whole or in part. Deferred tax assets not recognized are reviewed at each balance sheet date and are recognized to the extent that it becomes probable that the taxable income will be enough to allow the recovery of these deferred tax assets.

Deferred tax assets and liabilities are measured on the basis of the tax rates expected to be applied in the year in which these assets will be realized, or these liabilities will be extinguished, considering the rates in force and those already issued, or substantially in force, on the date budget.

Deferred taxes relating to items recognized outside the income statement are also recognized outside the income statement and, therefore, in shareholders' equity or in the comprehensive income statement, consistently with the element to which they refer.

Tax benefits acquired after a business combination, but which do not meet the criteria for separate recognition on the acquisition date, are eventually recognized subsequently, when new information is obtained on changes in facts and circumstances. The adjustment is recognized as a reduction in goodwill (up to the value of the goodwill), if it is recognized during the measurement period, or in the income statement, if recognized later.

The Group compensates deferred tax assets and deferred tax liabilities if and only if there is a legal right that allows to offset current tax assets and current tax liabilities and deferred tax assets and liabilities refer to income taxes due to the same tax authority by the same person taxpayer or from different taxpayers who intend to pay the current tax assets and liabilities on a net basis or to realize the asset and pay the liability simultaneously, with reference to each future period in which the deferred tax assets and liabilities are expected to be paid or recover.

Indirect taxes

Costs, revenues, assets and liabilities are recognized net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognized as part of the purchase cost of the asset or part of the cost recognized in the income statement;

- trade receivables and payables include the applicable indirect tax.

The net amount of indirect taxes to be recovered or paid to the tax authorities is included in the balance sheet under receivables or payables.

FOREIGN CURRENCIES

The consolidated financial statements are presented in euros which is the functional and presentation currency adopted by the parent company. Each Group company defines its own functional currency, which is used to measure the items included in the individual financial statements. The Group uses the direct consolidation method; the profit or loss reclassified in the income statement at the time of the sale of a foreign subsidiary represents the amount that emerges from the use of this method.

Operations and balances

Foreign currency transactions are initially recognized in the functional currency, applying the spot exchange rate on the date of the transaction.

Monetary assets and liabilities, denominated in foreign currency, are converted into the functional currency at the exchange rate at the balance sheet date.

The exchange differences realized or those deriving from the conversion of monetary items are recognized in the income statement, with the exception of the monetary elements which form part of the hedging of a net investment in a foreign operation. These differences are recognized in the comprehensive income statement up to the disposal of the net investment, and only then is the overall amount reclassified in the income statement. Taxes attributable to exchange rate differences on those monetary elements are also recognized in the statement of comprehensive income.

Non-monetary items valued at historical cost in foreign currency are converted at the exchange rates on the date of initial recognition of the transaction. Non-monetary items recognized at *fair value* in foreign currency are converted at the exchange rate on the date of determination of this value. The profit or loss that emerges from the conversion of non-monetary items is treated consistently with the recognition of the profits and losses relating to the change in the *fair value* of the aforementioned items (i.e. the translation differences on the items whose change in the *fair value* is recognized in the comprehensive income statement or in the income statement are recognized in the overall income statement or in the income statement, respectively).

In determining the spot exchange rate to be used at the time of initial recognition of the related asset, cost or revenue (or part of it) upon cancellation of a non-monetary asset or non-monetary liability relating to the advance payment, the date the transaction is the date on which the Group initially recognizes the non-monetary asset or the non-monetary liability resulting from the advance payment. If there are multiple payments or advances, the Group determines the transaction date for each payment or advance.

Group company

At the balance sheet date, the assets and liabilities of the Group companies are converted into Euro at the exchange rate on that date, revenues and costs of each statement of comprehensive income or separate income statement presented are converted at the exchange rates on the date of the transactions. The exchange differences arising from the conversion are recognized in the statement of comprehensive income. Upon the disposal of a foreign operation, the part of the comprehensive income statement referring to this foreign management is reclassified to the profit and loss statement.

The goodwill deriving from the acquisition of a foreign operation and the adjustments to the *fair value* of the book values of assets and liabilities deriving from the acquisition of that foreign management, are accounted for as assets and liabilities of the foreign operation and therefore are expressed in the functional currency of the foreign operations and converted at the year-end exchange rate.

DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

Initial recording and subsequent evaluation

The Group uses derivative financial instruments including forward currency contracts, interest rate *swaps* and forward contracts to hedge their currency exchange rate risks and interest rate risks. These derivative financial instruments are initially recorded at *fair value* on the date on which the derivative contract is signed and, subsequently, they are measured again at *fair value*. Derivatives are accounted for as financial assets when the *fair value* is positive and as financial liabilities when the *fair value* is negative.

For *hedge accounting purposes,* hedges are of three types:

- *fair value* hedge in the event of hedging the exposure against changes in the *fair value* of the recognized asset or liability or irrevocable commitment not entered;
- *cash flow* hedge in the event of hedging the exposure against the variability of the cash flows attributable to a particular risk associated with all the assets or liabilities recognized or to a highly probable planned transaction or the risk of foreign currency on an irrevocable commitment not entered;
- hedging a net investment in a foreign operation.

At the start of a hedging transaction, the Group formally designates and documents the hedging relationship, to which it intends to apply *hedge accounting*, its objectives in risk management and the strategy pursued.

The documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk and the ways in which the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of the sources of ineffectiveness of the coverage and how the coverage ratio is determined). The hedging relationship meets the eligibility criteria for hedge accounting if it meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not prevail over the changes in value resulting from the aforementioned economic relationship;
- the hedging ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and from the quantity of the hedging instrument that the Group actually uses to hedge this quantity of hedged item.

Transactions that meet all the qualifying criteria for hedge accounting are accounted for as follows:

<u>Fair value hedges</u>

The change in the *fair value* of hedging derivatives is recognized in the profit / (loss) statement for the period among other costs. The change in the *fair value* of the hedged item attributable to the hedged risk is recognized as part of the carrying amount of the hedged item and is also recognized in the statement of profit / (loss) for the period in other costs.

As regards *fair value* hedges referring to elements accounted for according to the amortized cost criterion, each adjustment of the book value is amortized in the profit / (loss) statement for the period along the residual period of the hedge using the interest rate method. effective interest (TIE). The amortization thus determined can begin as soon as an adjustment exists but cannot extend beyond the date on which the hedged item ceases to be adjusted due to the changes in *fair value* attributable to the hedged risk.

If the hedged item is derecognized, the unamortized *fair value* is immediately recognized in the profit / (loss) statement for the period.

When an irrevocable unrecorded commitment is designated as a hedged item, subsequent cumulative changes in its *fair value* attributable to the hedged risk are accounted for as assets or liabilities and the corresponding profits or losses recognized in the profit / (loss) statement for the period.

Cash flow hedging

The portion of profit or loss on the hedged instrument, relating to the effective hedging part, is recognized in the statement of other components of the comprehensive income statement in the *cash flow hedge* reserve, while the non-effective part is recognized directly in the profit statement / (loss) for the period. The cash flow hedge reserve is adjusted to the lesser of the cumulative gain or loss on the hedging instrument and the cumulative change in the *fair value* of the hedged item.

The Group uses forward currency contracts to hedge its exposure to exchange rate risk relating to both expected transactions and already established commitments. The ineffective part of the forward currency contracts is recognized among Selling and distribution expenses. Please refer to Note 11 for further details.

The Group only designates the spot component of forward contracts as a hedging instrument. The *forward* component is cumulatively recognized in OCI in a separate item.

The amounts accumulated among other components of comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently involves the recognition of a non-financial component, the amount accumulated in equity is removed from the separate component of equity and included in the cost or other carrying amount of the hedged asset or liability. This is not considered a reclassification of the items recognized in OCI for the period. This also applies in the case of a scheduled hedged transaction of a non-financial asset or a non-financial liability which subsequently becomes an irrevocable commitment to which the accounting of *fair value* hedging transactions is applied.

For any other cash flow hedge, the amount accumulated in OCI is reclassified in the income statement as a reclassification adjustment in the same period or in the periods during which the hedged cash flows impact the income statement.

If cash flow hedge accounting is interrupted, the amount accumulated in OCI must remain that amount if it is expected that future cash flow hedges will occur. Otherwise, the amount must be immediately reclassified in the profit / (loss) for the period as a reclassification adjustment. After suspension, once the hedged cash flow occurs, any remaining accumulated amount in OCI must be accounted for according to the nature of the underlying transaction as previously described.

Hedging a net investment in a foreign operation

The hedges of a net investment in a foreign operation, including the hedges of a monetary item accounted for as part of a net investment, are accounted for in a similar way to the cash flow hedges. The gains or losses of the hedging instrument are recorded among the other components of the comprehensive income statement for the effective part of the hedge, while the remaining (non-effective) part is recognized in the profit / (loss) statement for the period. Upon disposal of the foreign business, the cumulative value of these total profits or losses is transferred to the profit / (loss) statement for the period.

Fair value determination

The Group evaluates financial instruments such as derivatives at *fair value* at each balance sheet date.

The *fair value* is the price that you would receive for the sale of an asset, or that would be paid to transfer a liability in a regular transaction between market participants at the measurement date. A *fair value* measurement assumes that the sale of the asset or the transfer of the liability takes place:

- in the main market of the asset or liability; or
- in the absence of a main market, in the most advantageous market for the asset or liability.

The main market or the most advantageous market must be accessible for the Group.

The *fair value* of an asset or liability is measured by adopting the assumptions that market operators would use in determining the price of the asset or liability, assuming that they act to best satisfy their economic interest.

An assessment of the *fair value* of a non-financial asset considers the ability of a market operator to generate economic benefits by using the asset in its maximum and best use or by selling it to another market operator who would use it in its maximum and best use.

The Group uses valuation techniques that are suitable for the circumstances and for which there is sufficient data available to measure *fair value*, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All the assets and liabilities for which the *fair value* is valued or shown in the financial statements are categorized according to the *fair value* hierarchy, as described below:

- Level 1—prices quoted (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date;

- Level 2—Inputs other than the listed prices included in Level 1, observable directly or indirectly for the asset or liability;

- Level 3—valuation techniques for which the input data are not observable for the asset or liability.

The *fair value* measurement is classified entirely in the same level of the *fair value* hierarchy in which the lowest level hierarchy input used for the measurement is classified.

For the assets and liabilities recognized in the financial statements at *fair value* on a recurring basis, the Group determines whether transfers have occurred between the levels of the hierarchy by reviewing the categorization (based on the lowest level input, which is significant for the purposes of *fair* evaluation *value* in its entirety) at each balance sheet date.

The Group Financial Management determines the criteria and procedures for measuring *fair value*.

External experts are involved in the evaluation of significant assets and liabilities. The selection criteria include knowledge of the market, reputation, independence and compliance with professional standards.

At each balance sheet date, the Group's Financial Department analyzes the changes in the values of assets and liabilities for which, based on the Group's accounting principles, remeasurement or re-assessment is required.

For this analysis, the main inputs applied in the most recent valuation are verified, linking the information used in the valuation to contracts and other relevant documents.

The Group's Financial Management makes a comparison between each change in the *fair value* of each asset and liability and the relevant external sources, in order to determine whether the change is reasonable.

For the purposes of disclosure relating to *fair value*, the Group determines the classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the *fair value* hierarchy as previously illustrated.

6 ACCOUNTING STANDARDS AND INTERPRETATIONS WITH APPLICATION FROM 1 JANUARY 2020

The principles and interpretations which, at the date of preparation of the Group's consolidated financial statements, had already been issued but were not yet in force, are illustrated below. The Group intends to adopt these principles and interpretations, if applicable, when they come into force.

The accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning on 1 January 2020 are as follows:

– Amendments to IFRS 16 Covid-19 Related Rent Concessions;

– Amendments to References to the Conceptual Framework in IFRS Standards;

– Amendments to IAS 1 and IAS 8: Definition of "Material";

– Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform;

– Amendments to IFRS 3—Definition of a Business.

Except for the Amendments to IFRS 16, the application of the other interpretations and amendments listed above did not affect the Group's financial statements to an extent requiring mention in these notes.

On 28 May 2020 IASB issued the Amendments to IFRS 16 ("Covid-19—Related Rent Concessions—Amendment to IFRS 16"). The Amendments allows lessees to recognize COVID-19 relief in term of forgiveness of lease payments without assessing whether these rent concessions meet the conditions of lease modifications under IFRS 16. The lessees who apply this option may recognize the reduction in lease payments directly in the income statement as of the date on which the relief takes effect.

More in detail, this amendment is applicable only if the new agreements are a direct consequence of COVID-19 and only if the following conditions are satisfied:

– the change in lease payments results in revised consideration that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

– any reduction in lease payments affects only payments originally due on or before 30 June 2021;

– there are no substantive changes to other terms and conditions of the lease.

All accounting standards, amendments and interpretations issued by IFRS and IFRIC for mandatory adoption in financial statements as of June 30, 2020 have been endorsed by the European Union.

The accounting IFRS standards, amendments and interpretations not yet endorsed by the European Union include:

– "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" issued by IASB on 23 January 2020. The amendments will take effect on 1 January 2023;

– "Amendments to IFRS 3 Business Combinations", "Amendments to IAS 16 Property, Plant and Equipment", "Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets" and "Annual Improvements 2018-2020" issued by IASB on 14 May 2020. All of the amendments will take effect on 1 January 2022.

The Directors are currently assessing the impact that the introduction of these amendments might have.

7 SIGNIFICANT ESTIMATES AND ASSUMPTIONS

Impairment of non-financial assets

As recommended by the authorities (ESMA, CONSOB and IOSCO[1]) the Group deemed that the impact of the COVID-19 pandemic on the economic performance of the first half 2020 and the uncertainty about how the scenario will evolve represent "trigger events" in accordance with IAS 36 which call for the goodwill recognized in the consolidated financial statements as of June 30, 2020 to be tested for impairment. Considering that at the date of the present financial statement the Group was acquired by Permira for a consideration significantly higher than equity value of the Group, the fair value less selling costs of the whole Group largely exceeds its carrying amount, so no impairment loss was recognized.

[1] ESMA—"Implications of the COVID-19 outbreak on the half-yearly financial reports" (May 2020), CONSOB—"Richiamo di 2020 and 8/2020 of 16 July 2020 and IOSCO—"Statement on Importance of Disclosure about COVID-19" of 29 May 2020.

At each balance sheet date, the Group checks whether there are indicators of impairment in value for all non-financial assets that require an impairment test; in any case, at least annually, goodwill and intangible assets with an indefinite useful life are subjected to impairment tests. If the asset is impaired, the book value is aligned with the recoverable amount. An impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the greater of its fair value less costs to sell and its value in use. The fair value less selling costs is the amount obtainable from the sale of an asset or a cash-generating unit in a free transaction between knowledgeable and willing parties, less the costs of the disposal. The calculation of the value in use is based on a model of discounting of cash flows. Cash flows are derived from the budget of the following 4 years and do not include restructuring activities for which the Group has not yet committed or significant future investments which will increase the results of the activity included in the cash flow generating unit subject to rating. The recoverable amount depends significantly on the discount rate used in the discounting model of the cash flows, as well as on the cash flows expected in the future and on the growth rate used for the extrapolation.

Stock option plans

Equity incentive plans, recognized in accordance with IFRS 2, require the determination of the fair value of the instruments assigned to employees, determined according to valuation techniques based on the economic-financial projections of the plan, as well as on assumptions about discount rates. For more information on this item, see the Note 19.

Lease—Estimate of the incremental borrowing rate

The Group cannot easily determine the implicit interest rate of most rental contracts and therefore uses the incremental borrowing rate (IBR) to measure the lease liability. The incremental borrowing rate is the interest rate that the lessee should pay for a loan, with a duration and with a similar security, necessary to obtain an asset of similar value to the asset consisting of the right of use in a similar economic context. The IBR therefore reflects the rate that the Group would have to pay, and this requires the company to estimate when data are not observable or when rates need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable data (such as market interest rates), if available, and making entity-specific estimates on credit ratings.

Significant judgment in determining the lease term of contracts that contain an extension option

The Group determines the duration of the lease as the non-cancellable period of the lease to which must be added both the periods covered by the lease extension option, if there is reasonable certainty to exercise this option, and the periods covered by the lease option termination of the lease if there is reasonable certainty not to exercise this option. The Group has the possibility, for some of its leases, to extend the lease for a further period mostly between three to five years. The Group applies its judgment in assessing whether there is reasonable certainty to exercise the renewal. Having said that, the Group considers all the factors identified that may entail an economic incentive to exercise the renewal. After the commencement date, the Group re-evaluates the duration of the lease in the event that a significant event or significant change occurs in circumstances that are under its control and which may affect the ability to exercise (or not to exercise) the renewal option (for example, a change in business strategy). The Group included the renewal period as part of the duration of the property rents given the significance of these activities in its operations. These leases have a relatively short non-cancellable period (three to six years), and in the case of replacement of assets not immediately available, there will be a significantly negative effect on the Group's operations. The renewal options for vehicle leases have not been included in the determination of the duration of the lease, as the Group has a leasing policy for vehicles for a period not exceeding five years and therefore will not exercise any renewal option.

Application of the amortized cost method

Financial instruments measured using the amortized cost method require that the Group periodically review its estimates of future cash flows, for example in the event that a loan is expected to be repaid earlier than the due date. This revision of the estimate involves the recalculation of the book value of the financial instrument based on the discounted cash flows redetermined using the effective interest rate calculated on initial recognition. The difference that arises from the change in the value of the liability due to the revision of the estimate is recognized in the profit and loss of the year.

Deferred tax assets

Deferred tax assets are recognized in accordance with IAS 12. A discretionary assessment is required from the Directors to determine the amount of deferred tax assets that can be accounted for. They must estimate the probable temporal manifestation and the amount of future tax profits, as well as a planning strategy for future taxes. The carrying amount of deferred tax assets is provided in note n. 34.

Provisions for provisions for risks and charges

The Directors make estimates for the evaluation of risks and charges. In particular, the Directors made use of estimates and assumptions in determining the degree of probability of occurrence of an effective liability and, in the event that the risk was assessed as probable, in determining the amount to be set aside for the identified risks.

Revenue recognition—Estimate of the variable fee for returns

The Group has developed a statistical model for forecasting returns on sales. The model uses the historical return data by season in order to quantify the expected return percentages. These percentages are then applied to determine the expected value of the variable consideration. Any significant change compared to the historical model will affect the expected return percentages estimated by the Group.

Employee benefits

The book value of the defined benefit plans in the financial statements is determined using actuarial valuations, which require the development of assumptions about the discount rates, the expected rate of return on loans, future salary increases, mortality rates and the future increase in pensions. The Group believes that the rates estimated by the actuaries for the valuations at the year-end date are reasonable, but it cannot be excluded that future significant changes in rates may have significant effects on the liability recorded in the financial statements. Further details are provided in Note n. 20.

Write-down provision

The value of inventories is adjusted for the risks associated with the slow turnover of some types of raw materials and consumables.

Allowance for doubtful accounts

The allowance for doubtful accounts reflects the estimate of Expected Credit Loss over the entire life of the trade receivables recorded in the financial statements and not covered by any credit insurance. This estimate considers the historical information available to the Group and the expectations on future economic conditions.

The matrix is based initially on the Group’s observed historical default rates. The Group will calibrate the matrix to refine the historical data on credit losses with forecast elements. For example, if the expected economic conditions (e.g. gross domestic product) are expected to deteriorate the following year, this may lead to an increase in the number of defaults in a given geographic market, historical default rates are therefore adjusted. At each reporting date, historical default rates are updated and changes in estimates on forecast items are analyzed.

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in the circumstances and expected economic conditions. The historical experience of the Group’s credit losses and the forecast of future economic conditions may also not be representative of the customer’s actual insolvency in the future. Information on the ECL on trade receivables and on to the Group’s contract activities are given in Note 11.

8 INTANGIBLE ASSETS

The breakdown and movements of intangible assets for the period are as follows.

Description	Cost January 1, 2020	Accumulated depreciation January 1, 2020	Book value January 1, 2020	Exchange differences	Increases	Reclassification	Amortization	Cost June 30, 2020	Accumulated depreciation June 30, 2020	Book value June 30, 2020
Trademark and patents	208,614	(120)	208,494	0	72	0	(16)	208,686	(136)	208,549
Concessions, licenses, software and similar rights	8,914	(1,882)	7,032	(1)	1,753	248	(1,532)	10,912	(3,413)	7,499
Key Money	7,668	(3,151)	4,516	(36)	708	348	(432)	8,663	(3,558)	5,105
Goodwill	246,861	0	246,861	(15)	0	0	0	246,846	0	246,846
Intangible assets in progress and payments on account	2,648	0	2,648	(2)	1,593	(1,261)	0	2,978	0	2,978
Other intangible fixed assets	9,464	(9,225)	238	(31)	173	(298)	(17)	9,308	(9,242)	64
Total	**484,169**	**(14,379)**	**469,790**	**(85)**	**4,298**	**(964)**	**(1,998)**	**487,393**	**(16,350)**	**471,041**

Trademark and patents

The amount mainly relates to the value relating to the ‘Golden Goose Deluxe Brand’ brand, recognized in the 2017 price allocation following the Group acquisition. The value attributed to the brand, equal to Euro 208,033 thousand, was assigned by the directors on the basis of an appraisal carried out by an independent professional who determined its consistency using the valuation method based on the expected discounted royalties flows deriving from the license grant the “Golden Goose Deluxe Brand” brand; the useful life of the *asset* has been identified as indefinite.

Concessions, licenses, software and similar rights

This category mainly includes the costs incurred for the acquisition and implementation of company information systems and the website for e-commerce. The increases refer to licenses on software programs related to the upgrade and customization of the company management software.

Key Money

The account has a net book value at June 30, 2020 of Euro 5,049 thousand and includes additions for consideration (*Key Money)* paid by Group companies to take over contracts referred to commercial real estate located in prestigious places within the opening of owned stores. These amounts also include the initial direct costs incurred for the negotiation and finalization of property leasing contracts. The capitalization of these costs takes place because of the expected incremental revenues deriving from the possibility of operating, in fact, in prestigious locations. *Key Money* is amortized over the lease term. Increases of the period are related to the takeover of the lease for the store in Barcelona and the takeover of the lease for the store in Cannes, France.

8 INTANGIBLE ASSETS

Intangible assets in progress and payments on account

The item mainly includes expenses incurred by the parent company Golden Goose S.p.A. for the redevelopment costs of the properties at June 30, 2020. The assets still in progress are expected to be ready for the intended use in 2020.

Reclassification to the period refers to expenses better classified as tangible assets.

8.1 Goodwill—impairment test

Having identified the Covid-19 pandemic as a trigger event, the Group carried out its impairment test in June 2020 considering, in the estimate of the recoverability of Goodwill and the Brand, the entire Group as a single cash-generating unit. The recoverable amount was determined as fair value less selling costs, as in June 2020 the Group was acquired by Permira for a consideration significantly higher than equity value of the Group, the fair value less selling costs of the whole Group largely exceeds its carrying amount, so no impairment loss was recognized.

9 RIGHT OF USE

The breakdown and movements of right of use assets and the related liabilities for the period are as follows.

Description	Buildings	Cars	Electronic machines	Total rights of use	Liabilities for rights of use
Book value as of January 1, 2020	**79,617**	**439**	**17**	**80,073**	**(85,057)**
Increases for new contracts	12,770	56	0	12,826	(12,826)
Depreciation of the period	(7,939)	(103)	(4)	(8,046)	—
Remeasurements, contractual amendments and early terminations	(278)	(2)	0	(280)	280
Exchange rate effect	2	1	0	3	(42)
Accrued interest	—	—	—	—	(2,687)
Rent relief accounted as negative variable lease payments	—	—	—	—	1,131
Payments	—	—	—	—	7,878
Book value as of June 30, 2020	**84,172**	**391**	**13**	**84,576**	**(91,323)**

These changes in rights of use mainly relate to the new property rental contracts entered, the depreciation for the period of Euro 8,046 thousand. The liability for rights of use increased by Euro 12,826 in relation to the new leases and by Euro 2,687 thousand for interest expense of the full year. About half of increases (Euro 6,472 thousand) refers to new contracts for shops based in US. Repayments for the period amounted to Euro 7,878 thousand. During the period lessors granted to the Group rent relief in form of payment forgiveness for Euro 1,131 thousand, accounted as negative variable lease payment, according to the Amendment of IFRS 16.

Many rental contracts related to commercial buildings provide variable payments linked to the sales of the shops. At the reference date, there are no contracts in existence that offer guarantees for the residual value or commitments for contracts that have not yet started.

The Group makes use of property rental contracts in order to obtain the availability of the premises where its business is carried out; these contracts provide for extension and termination options in accordance with what is normally meant by commercial practice. At the balance sheet date, none of the assets consisting of the user right meets the definition of real estate investment.

The Group has no sub-leasing contracts in place. During the year, no sales and leaseback transactions were carried out.

Amounts recognized in the consolidated profit and loss for the year are as follows:

(Euro thousand)	For the six months period ended June 30, 2020

Depreciation of assets for the right of use	(8,046)
Interest expense on leasing	(2,687)
Rent relief accounted as negative variable lease payments	1,131
Rental costs—low value assets	(239)
Rental costs—variable rents	(4,475)
Total effects recorded in the income statement	**(14,316)**

The total outgoing cash flows relating to the leasing of the Group is Euro 12,592 thousand for the six months period ended June 30, 2020. In addition, the Group has had an increase of assets because of rights of use of Euro 12,826 thousand for the six months period ended June 30, 2020 and of rights of use liabilities of Euro 12,826 thousand for the six months period ended June 30, 2020.

10 TANGIBLE ASSETS

The breakdown and movements of tangible assets for the period are as follows.

Description	Cost January 1, 2020	Accumulated depreciation January 1, 2020	Book value January 1, 2020	Exchange differences	Increases	Depreciation	Reclassification	Cost June 30, 2020	Accumulated depreciation June 30, 2020	Book value June 30, 2020
Land and buildings	502	(30)	472	0	0	(8)	0	502	(38)	464
Plant and machinery	675	(368)	306	0	12	(24)	29	716	(392)	323
Industrial and commercial equipment	1,601	(989)	612	(4)	131	(104)	0	1,722	(1,087)	635
Other tangible assets	37,548	(10,226)	27,322	(203)	6,916	(3,177)	964	45,140	(13,318)	31,821
Assets in progress and payments on account	526	0	526	0	51	0	(29)	548	0	549
Total	**40,851**	**(11,614)**	**29,238**	**(207)**	**7,110**	**(3,313)**	**964**	**48,629**	**(14,835)**	**33,792**

The "Land and Buildings" category refers to a property owned by the Group used as a company guesthouse.

The item "Plant and Machinery" contains the values relating to investments in air conditioning and lighting systems for the Marghera offices.

The "Industrial and commercial equipment" refer mainly to the purchase of forms and molds to produce footwear, commercial equipment for the Milan store, equipment and fittings for trade shows and photo shoots and fittings for *corner shops* and *showrooms*.

The item "Other tangible assets" includes the office and shops' furniture, motor vehicles, electronic office equipment and leasehold improvements. In particular, the leasehold improvements at June 30, 2020 amounted to Euro 24,203 thousand and mainly refer to the costs incurred for the renovation of the buildings where the Group carries out its main activity in Marghera (via dell'Atomo 8 and via dell'Elettricità 6) and Milan (via San Martino 17) and the charges deriving from the renovation of the premises of the shops and *showrooms*.

11 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The breakdown of the financial instruments as of June 30, 2020 is as follows.

FINANCIAL ASSETS

(Euro thousand)	June 30, 2020
Financial assets at fair value with changes recognized in the income statement	
Derivatives—non-hedging component	
Derivatives designated as hedging instruments	
Forward foreign exchange contracts (see Note 11.1 and 11.4.3)	57
Interest rate hedging contracts (see Note 11.1 and 11.4.2)	0
Financial assets valued at amortized cost	
Accounts receivables (see Note 15)	27,415
Other current financial assets (see Note 11.2)	959
Other non-current financial assets (see Note 11.2)	477
Loans to employees (see Note 11.2)	728
Total financial assets *	**29,636**
** Financial assets, other than cash and short-term deposits*	
Total current portion	**28,431**
Total non-current part	**1,205**

FINANCIAL LIABILITIES

	June 30, 2020
Financial liabilities at fair value with changes recognized in the income statement	
Derivatives—non-hedging component	
Derivatives designated as hedging instruments	
Forward foreign exchange contracts (see Note 11.1 and 11.4.3)	148
Interest rate hedging contracts (see Note 11.1 and 11.4.2)	3
Financial liabilities valued at amortized cost	
Trade payables (see Note 23)	45,799
Intercompany liabilities—current	319,024
Reverse factoring liabilities	10,978
Payables to banks—current	0
Payables to banks—non-current	0
Current leasing liabilities (see Note 9 and 11.3.1)	14,315
Non-current lease liabilities (see Note 9 and 11.3.1)	77,008
Liabilities for the purchase of Golden Goose Korea	
Other financial liabilities	
Total financial liabilities	**467,275**
Total current portion	**390,267**
Total non-current portion	**77,008**

The classification of financial instruments from the perspective of IFRS 9 is transversal to various items of the consolidated statement of financial position.

Fair value measurement and related hierarchical evaluation levels

The above table shows, with the exception of the leasing liabilities, that most of the financial assets and liabilities outstanding are represented by short-term items; in consideration of their nature, for most items, the book value is considered a reasonable approximation of the *fair value*.

Management has verified that the *fair value* of cash and cash equivalents and short-term deposits, trade receivables and payables, bank overdrafts and other current liabilities approximates the book value as a consequence of the short-term maturities of these instruments.

The following methods and assumptions have been used to estimate *fair value*:

- Long-term loans and receivables, both fixed and floating rate, are assessed by the Group on the basis of parameters such as interest rates, country-specific risk factors, the individual creditworthiness of each customer and the characteristic risk of the financial project. Based on this evaluation, the appropriations for estimated losses on these credits are recorded in the accounts.

- The Group enters derivative financial instruments with various counterparties, mainly financial institutions with an assigned credit rating. Derivatives valued using valuation techniques with detectable market data mainly consist of interest rate swaps and forward currency contracts. The valuation techniques applied most frequently include the forward pricing and swaps models, which use the calculation of the present value. The models consider different inputs, including the credit quality of the counterparty, the spot foreign currency and forward rates, the interest rate curves and the forward rate curves of the underlying commodities, the yield curves of the respective currencies, the base spread between their currencies.

- The fair value of Group loans that accrue interest is determined using the discounted cash flow method and using a discount rate that reflects the interest rate of the issuer at the end of the year. The Group's default risk as of June 30, 2020 was assessed as insignificant.

In relation to the financial instruments recognized in the statement of financial position at *fair value*, IFRS 13 requires that these values to be classified in accordance with a hierarchy of levels that reflects the significance of the inputs used in determining the *fair value*. The following levels are distinguished:

Level 1—prices recorded on an active market for assets or liabilities being valued;

Level 2—inputs other than the quoted prices referred to in the previous point, which are observable directly (prices) or indirectly (derived from prices) on the market;

Level 3—inputs that are not based on observable market data.

Please note that all the assets and liabilities that are valued at *fair value* at June 30, 2020, can be classified in the hierarchical level number 2 of the *fair value* measurement as defined by IFRS 13. Furthermore, during the first six months period ended June 30, 2020 there were no transfers from Level 1 to Level 2 or to Level 3 and vice versa.

11.1 Derivative financial instruments

The breakdown of the derivative financial instruments by category and maturity as of June 30, 2020 is the following:

	Maturity					
(Euro thousand)	**Less than 3 months**	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**1 to 5 years**	**Total**
As of June 30, 2020						
Forward foreign exchange contracts						
(highly probable expected sales)						
Notional amount (in € 000)	3,554	8,842	—	—	—	12,396
Forward rate (EUR / USD)	1.1255	1.1310	—	—	—	1.1294
Notional amount (in € 000)	3,788	3,782	—	—	—	7,570
Forward rate (EUR / KRW)	1320.0	1322.0	—	—	—	1321.0
Interest rate hedges						
Notional amount (in € 000)	—	—	—	—	—	—
Average rate (%)	—	—	—	—	—	—

The main risks managed through the use of derivative financial instruments are exchange rate risk and interest rate risk. The Group's risk management strategy and the ways in which it is applied are illustrated below.

The **derivatives not designated as hedging instruments** reflect the positive changes in the *fair value* of these forward contracts on currencies, which are not designated as hedging contracts, but the aim is still to reduce the risk on sales and purchases envisaged.

The Group's policy is not to carry out derivative transactions for speculative purposes.

The **derivatives designated as hedging instruments** reflect the positive changes in the *fair value* of forward foreign exchange contracts designated as hedges contracts of highly probable cash flows.

As of June 30, 2020, the Group holds forward foreign exchange contracts to hedge sales which have been designated as hedging instruments for sales of future seasons. In the year 2019 it became appropriate to cover risks arising from the fluctuation of the US dollar (USD) and the won South Korea (KRW) to avoid the volatility of the currencies could lead uncertainties on the Group's economic performance as required by "*Derivatives policy*" approved by the BoD on 18 December 2019.

These derivatives are represented by the forward sale of currency through which the Group undertakes to sell the underlying currency at a specific maturity and at a predetermined exchange rate.

Since the characteristics of the contracts are derivatives, the instruments are closely related to the underlying element (specifically, the margins envisaged in the 2020 industrial plan for the US and Korea areas), the accounting of the same takes place on the basis of hedge accounting, with the accounting of the *fair value* of the derivative, net of the tax effect, directly in equity.

In order to mitigate the risks from fluctuations in interest rates on existing loans, the Group signed derivative contracts of *interest rate swaps* (IRS). During 2020, the IRS contract subscribed with Banca Intesa has been extinguished together with the hedged loan with Mediocredito (repaid at the maturity date).

The balance sheet and financial statement's items which include the *fair value* of the derivatives outstanding as of June 30, 2020 are "Current financial assets" and "Current financial liabilities" depending on whether the fair value at the end of the period is positive or negative.

The impact and classification of hedging instruments are represented as follows:

	Nominal amount	Book value (euro thousand)	Balance sheet item

As of June 30, 2020			
Forward foreign exchange contracts	USD 12,000,000 / KRW 10,000,000,000	92	Current financial assets / Current financial liabilities
Interest rate contracts		—	Current financial liabilities

The currency hedging contracts in place at June 30, 2020 with negative *Mark to Market* value amount to Euro 148 thousand. The hedging currency contracts outstanding at June 30, 2020 with positive *Mark to Market* value amount to Euro 56 thousand.

Below is presented the detail by bank:

Bank	Maturity	Nominal amount	Mark to Market June 30, 2020 (Euro thousand)
Mediobanca	30/10/2020	USD 5,000,000	10
Mediobanca	31/12/2020	USD 5,000,000	46
		Total derivatives with positive value	**56**

11 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

Bank	Maturity	Nominal amount	Mark to Market June 30, 2020 (Euro thousand)
Unicredit	28/09/2020	USD 2,000,000	(5)
Unicredit	28/09/2020	USD 2,000,000	(6)
Mediobanca	30/09/2020	KRW 5,000,000,000	(69)
Mediobanca	31/12/2020	KRW 5,000,000,000	(68)
		Total derivatives with negative value	**(148)**
NET TOTAL			**92**

The **financial assets measured at amortized cost** include trade receivables, receivables from related parties (loans to employees) and other current financial assets.

“Current financial assets” (this balance sheet account also includes the fair value of derivatives) includes the balances of the *Paypal* and *Adyen* accounts, payment platforms used for retail collections, mainly e-commerce, for Euro 959 thousand.

Loans to employees, included in the balance sheet in “Non-current financial assets” mainly include loans granted in prior periods to some employees for the purchase of Company shares for a total of Euro 728 thousand.

The item “Non-current financial assets” also includes deposits paid for the setup of new group companies for Euro 322 thousand.

11.3 Financial liabilities carried at amortized cost

11.3.1 Loans and financing

IFRS 7.7 requires supplementary information that allows users of the financial statements to assess the relevance of the financial instruments with reference to the balance sheet position and the result. Since the Group has a significant amount of loans and financing in its group consolidated balance sheet, detailed information to users of the financial statements are provided, here below, information both regarding the effective interest rate and the maturity of the loans.

(Euro thousand)	Interest rate	Maturity	June 30, 2020
Current loans and financing			
Leasing liabilities (Note 9)	2.97% – 9.55%	2020-2039	14,315
Reverse factoring financial liabilities	0.00%		10,978
€318,443,514 Astrum 3 loan	EURIBOR 3M +4.75%	30-sep-20	319,024
Total current loans and financing			**344,317**
Non-current loans and financing			
Leasing liabilities (Note 9)	2.97% – 9.55%	2020-2039	77,008
Total non-current loans and financing			**73,008**
Total loans and financing			**421,324**

In 2020 the Group has extinguished the Mediocredito bank loan. At December 31, 2019 the residual liability was Euro 571 thousand.

Following the acquisition of the Golden Goose Group by the *private equity fund* Permira, the 240,000,000 bond loan pool financing was repaid in June 2020. At December 31, 2019 the residual value amounted to Euro 240,388 thousand.

11.3.2 Other financial liabilities carried at amortized cost

The terms and conditions of the financial liabilities are:

- trade payables do not generate interest expense and are normally settled at 90 days;
- for the terms and conditions relating to related parties, see the specific Note “Information relating to transactions carried out with related parties”.

11.4 Financial risk management objectives and policies

The Group is exposed to risks associated with existent business activities.

11.4.1 Financial risk

The main financial liabilities of the Group, other than derivatives, include bank loans and financing, and trade and other payables. The main objective of these liabilities is to finance the Group's operating activities. The Group has financial receivables and other commercial and non-commercial receivables, cash and cash equivalents and short-term deposits that directly originate from operating activities. The Group also holds derivative contracts.

The Group is exposed to market risk, credit risk and liquidity risk. Group Management is responsible for managing these risks; in this activity, the Management is supported by the Financial Department, which provides information on financial risks and suggests an appropriate risk management policy at Group level. The Financial Management provide assurance to Group Management that the activities involving financial risk are governed with appropriate corporate policies and with appropriate procedures and that financial risks are identified, assessed and managed in accordance with the requirements of the Group's policies and procedures. All activities derived for risk management purposes are directed and supervised by a team of specialists with adequate knowledge and experience. Group's policy doesn't allow to subscribe derivatives for trading or speculative purposes.

The Board of Directors reviews and approves the management policies of each of the risks set out below.

11.4.2 Interest rate risk

Interest rate risk is the risk that the *fair value* or future cash flows of a financial instrument will change due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is primarily related to long-term debt with variable interest rates.

The Group manages its interest rate risk through a balanced portfolio of loans and financing at fixed and variable interest rates. To manage this, the Group has signed contracts *cap* and *interest rate swaps* (IRS), which the Group agrees to exchange, at specified intervals, the amount of the difference between the fixed rate and the variable rate calculated by reference to an agreed amount of notional capital. These swaps are designated to hedge the underlying debt. As of June 30, 2020, almost all Group loans are essentially fixed rate.

Interest rate sensitivity

The Group's exposure to the risk of changes in market rates is connected only to the intercompany loan Astrum 3, maturing in September 2020. The loan with Mediocredito with interest rate indexed to the Euribor was repaid at the maturity date in January 2020.

Given the level of the EURIBOR rates at the reporting dates (negative), the presence of the 0% floor on the intercompany loan and the short-term maturity, the effect of reasonably possible changes in the EURIBOR rates would result in an immaterial economic impact.

11.4.3 Exchange rate risk

Exchange rate risk is the risk that the *fair value* or future cash flows of an exposure will change as a result of changes in exchange rates. The Group's exposure to the risk of exchange rate changes mainly refers to the Group's operating activities (when revenues or costs are denominated in a foreign currency) and to the Group's net investments in foreign subsidiaries.

The Group manages its currency exchange risk by covering the transactions that are expected to take place within a maximum period of 12 months for the expected sales hedges.

When derivatives are entered into for hedging purposes, the Group negotiates the terms of these derivatives so as to match them with the terms of the hedged exposure. As regards the hedging of expected transactions, derivatives cover the exposure period from the moment in which the cash flows of the transactions are expected at the time of payment of the resulting credit or debt denominated in foreign currency.

The performance by the Group of its activities also in countries outside the Euro area makes the exchange rate factor relevant.

The Group preliminarily defines the amount of the exchange risk on the basis of the budget for the period and subsequently hedges this risk gradually, along the order acquisition process, to the extent that the orders correspond to the budget forecasts. The hedging is carried out through specific forward currency sales contracts.

The management believes that the risk management policies adopted by the Group are adequate.

Forward foreign exchange contracts are designated as expected sales hedges in US dollars and South Korean won. These future transactions are highly probable and cover around 50% of the margin on total US dollar sales and the 75% margin on total sales in won South Koreans, provided for in the 6 months after the balance sheet date.

The balance of forward currency contracts varies with the change in the volume of sales expected in foreign currency and with the change in the forward exchange rates.

There is an economic relationship between the elements hedged and the hedging instruments since the terms of the exchange rate mirror of the terms of the highly probable future transactions (i.e. the notional amount and the expected payment date). To test the effectiveness of the hedge, the Group uses a method based on the determination of a hypothetical derivative that compares the changes in the *fair value* of the hedging instruments with the changes in the *fair value* of the hedged instruments deriving from the hedged risk.

The ineffectiveness of the hedge can occur due to:

- Differences in the timing of the cash flows generated by the underlying hedges and the hedging instruments;
- Different indices (and related different curves) related to the hedged risk of the underlying and hedging instruments;
- Different impact that the counterparty risk has on the *fair value* movements of the *hedging* instruments and of the underlying;
- Changes in the expected amounts of the cash flows of the underlying hedged items and of the hedging instruments.

Exchange rate sensitivity

The exposure to the risk of changes in exchange rates derives from operations in currencies other than the currency of the accounting name. The following table illustrates the sensitivity to a reasonably possible change in the exchange rate of the currencies to which the Group is exposed, with all other variables kept constant.

The effect on the Group result before taxes is due to changes in the *fair value* of monetary assets and liabilities, including any derivatives in foreign currency not designated as hedging instruments. The pre-tax impact on the other items of the Group's equity is attributable to changes in the *fair value* of the forward exchange contracts designated as cash flow hedges. The Group's exposure to changes in exchange rates for all other foreign currencies is not material.

Analysis as of June 30, 2020

	Euro appreciation scenario			**Euro depreciation scenario**		
Currency (Euro thousand)	**Pre-tax effect on income statement**	**Pre-tax effect on other shareholders' equity items**	**Total pre-tax effect on equity**	**Pre-tax effect on income statement**	**Pre-tax effect on other shareholders' equity items**	**Total pre-tax effect on equity**
AED	115	0	**115**	(115)	0	**(115)**
AUD	229	0	**229**	(229)	0	**(229)**
CHF	22	0	**22**	(22)	0	**(22)**
CNY	400	0	**400**	(400)	0	**(400)**
DKK	2	0	**2**	(2)	0	**(2)**
GBP	360	0	**360**	(360)	0	**(360)**
HKD	270	0	**270**	(270)	0	**(270)**
JPY	233	0	**233**	(233)	0	**(233)**
KRW	538	(376)	**162**	(538)	376	**(162)**
MOP	61	0	**61**	(61)	0	**(61)**
TWD	102	0	**102**	(102)	0	**(102)**
USD	1,518	(601)	**917**	(1,518)	601	**(917)**
TRY	20	0	**20**	(20)	0	**(20)**

SGD	0	0	**0**	(0)	0	**(0)**

The range considered for each currency is shown below:

Currency	**June 30, 2020**
AED	+/-4.8%
AUD	+/-11.1%
CHF	+/-2.4%
CNY	+/-4.4%
DKK	+/-0.2%
GBP	+/-8.1%
HKD	+/-4.9%
JPY	+/-5.4%
KRW	+/-5.1%
MOP	+/-4.9%
TWD	+/-4.5%
USD	+/-4.8%
TRY	+/-12.5%
SGD	+/-4.4%

11.4.4 Credit risk

Credit risk is the risk that a counterparty will not fulfill its obligations related to a financial instrument or to a commercial contract, thus leading to a financial loss. The Group is exposed to credit risk deriving from its operating activities (especially for trade receivables) and from its financing activities, including deposits with banks and financial institutions, operations in foreign currency and other financial instruments.

Trade receivables

Commercial credit risk is managed by the policy established by the Group and according to the procedures and controls established for the management of credit risk. The credit quality of customers is assessed on the basis of an analytical credit rating sheet; individual credit limits are also established for all customers based on this assessment.

The Group's credit management strategy provides for new customers to apply a 30% payment condition on order confirmation and the remaining 70% upfront. These payment terms are maintained for the supply of at least two seasons and then move on to an average deferred payment of 30-60 days.

As of June 30, 2020, the Group has around 16 customers with a balance greater than Euro 200 thousand each which together represent around 47% of all trade receivables.

At each balance sheet date, an impairment analysis is carried out on trade receivables, using a matrix for measuring expected losses. The write-down percentages are determined based on the expired days and by grouping the receivables from customers which are characterized by similar causes of impairment (geographical area, presence of guarantees or other type of insurance). The calculation is based on the probability of credit recovery, and information on past events that are available on the reporting date, current conditions and expected market scenarios.

The Group makes use of insurance and credit factoring instruments, without discount receivables and solely for the purpose of credit management and insurance. As of June 30, 2020, the receivable transferred to factor related to three distributing customers of Golden Goose S.pa for Euro 3,599 thousand. As regards the receivables deriving from the supply to the US market, the factoring company approves each individual order and manages its collection.

At June 30, 2020, 39% of the Group's trade receivables are covered by forms of insurance.

The Group believes that the risk associated with the concentration of trade receivables and contract activities is low, as its customers are located in different countries and operate in largely independent markets.

Below is the information on the exposure to credit risk on trade receivables and on the activities deriving from the Group contract, using a write-down matrix:

June 30, 2020

	Days past due					
(Euro thousand)	**Current**	**<30 days**	**30 – 60 days**	**61 – 90 days**	**> 91 days**	**Total**

Expected loss rate	0.9%	31.4%	3.2%	8.2%	42.1%	
Estimated gross carrying amount at risk	21,147	269	209	2,414	6,657	**30,696**
Expected credit loss	187	84	7	197	2,806	**3,280**

Financial instruments and bank deposits

Credit risk relating to relations with banks and financial institutions is managed by the Group treasury in accordance with the Group's policy. The Group operates exclusively with leading banks and therefore considers the credit risk relating to balances to financial counterparties to be insignificant.

11.4.5 Liquidity risk

The Group monitors the risk of a liquidity shortage by using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity in the availability of funds and flexibility of use through the use of instruments such as bank overdrafts, bank loans, bonds, preference shares, leasing contracts.

At June 30, 2020, 82% of the Group's debt matured in less than one year, calculated on undiscounted liabilities as shown in the table below. It should be noticed that the most part of short term liabilities are related to the financial loan from Astrum 3, a liability classified as current because it will be settled with the merger of Astrum 3 S.p.A., Sneakers Maker S.p.A. within Golden Goose S.p.A..

Reverse factoring liabilities relates to few key suppliers of the parent company Golden Goose S.p.A. (as of June 30, 2020 reverse factoring arrangements were in place for the first four suppliers in terms of outstanding payables, plus other minor suppliers) with few primary financial institutions. These arrangements provide an additional payment term (ranging from 30 to 90 days) without explicit financial charges for the Group. Payables are classified as financial liabilities when the payable reaches the additional payment term.

The table below summarizes the maturity profile of the Group's financial liabilities on the basis of the contractual payments not discounted.

As of June 30, 2020 (Euro thousand)	At sight	Less than 3 months	From 3 to 12 months	From 1 to 5 years	> 5 years	Total
Financing and loans		320,516				320,516
Leasing liabilities	0	5,036	13,940	52,750	31,695	103,420
Other financial liabilities	152					152
Reverse factoring financial liabilities		10,978				10,978
Financial derivative instruments		80	68			148
Trade payables	10,988	14,796	20,016			45,799
Total	11,139	351,406	34,024	52,750	31,695	481,013

Guarantees

The Group does not hold restricted cash or guarantees on cash.

Changes in liabilities deriving from financing activities

The movements in financial liabilities for the six months period ended June 30, 2020 are shown below.

(Euro thousand)	31.12.2019	New loans	Refunds	Change in exchange rates	Non-monetary IFRS16 changes	Fair value changes	Reclassification	Other	June 30, 2020
Current loans and financing									
Intercompany loan Astrum 3	0	318,444						580	319,024
Leasing liabilities	12,052		(5,191)	6	(1,131)		8,579		14,315
€4,000,000 Mediocredito bank loan	571		(571)						—
€240,000,000 bond loan pool financing	240,388		(240,388)						—
€30,000,000 revolving facility	0	30,000	(30,000)						—
Reverse factoring	0							10,978	10,978

Other current financial liabilities	356		(54)			(47)		(104)	151
Total current financial liabilities	**253,367**	**348,444**	**(276,204)**	**6**	**(1,131)**	**(47)**	**8,579**	**11,454**	**344,468**
Non-current loans and financing									
Leasing liabilities	73,005			36	12,546		(8,579)		77,008
Total non-current financial liabilities	**73,005**			**36**	**12,546**		**(8,579)**		**77,008**
Total financial liabilities	**326,372**	**348,444**	**(276,204)**	**42**	**11,415**	**(47)**	**—**	**11,454**	**421,476**

During the period, the Mediocredito bank loan was repaid at the maturity date. The bond loan of a nominal value of Euro 240,000 thousand, reclassified at the end of 2019 as current liability, was early repaid in 2020 following the acquisition of the Group by the Permira fund.

In March 2020, in the middle of the first wave of Covid-19 pandemics, the Group draw in full the available amount of the existing revolving facility agreement; the amount was repaid in June.

11 Financial instruments and fair value measurement

The column "Fair value changes" refers to hedging derivatives entered into on currencies, in existence at June 30, 2020.

The new Intercompany loan Astrum 3 for Euro 318,444 thousand refers to the intercompany financing agreement entered between Astrum 3 and Golden Goose, following the Permira acquisition and used for repaying the outstanding amount of the bond loan and the revolving facility at the acquisition date.

The column "Reclassification" includes the effects of the reclassification from "current" to "not current" of some of the financing and interest-bearing loans, including lease obligations, related to the passage of time.

The column "Other" includes interests accrued in leasing liabilities and the reclassification from Trade payables to reverse factoring financial liability recorded when the outstanding days from the invoice date of the payables exceeds the original payment term granted by the supplier.

The Group classifies interest paid as cash flows from operating activities.

12 Deferred tax assets

With regards to the breakdown and changes in deferred tax assets, please refer below to the income taxes note of the consolidated proft and loss.

13 Other non-current assets

"Other non-current assets" mainly includes guarantee deposits thrown at the time of store openings, to guarantee the lease or its users.

The most significant deposits include those relating to stores in China, Hong Kong, Korea and US.

14 Inventories

The breakdown of inventories is as follows:

(Euro thousand)	**June 30, 2020**
Raw, ancillary and consumable materials	1,695
Finished products and goods	52,161
Total inventories	**53,857**

The values of inventories expressed in the financial statements do not differ appreciably compared to a valuation at current costs.

Inventories are net of the inventory write-down fund deemed appropriate for the purpose of a prudent evaluation of the finished products of previous collections and of the raw materials no longer used. The changes in the inventory write-down fund are shown below.

The obsolescence allowances on inventories at the balance sheet date amounts to Euro 8,026 thousand.

(Euro thousand)	**June 30, 2020**
Opening balance	**6,560**
New provisions	1,500
Utilization	(32)
Other	(2)
Closing balance	**8,026**

During the period, new provisions were added for a total value of Euro 1,500 thousand.

15 ACCOUNTS RECEIVABLES

The breakdown of accounts receivables is as follows:

(Euro thousands)	June 30, 2020
Accounts receivables, gross	30,696
Allowance for doubtful accounts	(3,280)
Accounts receivables, net	**27,415**

The "Accounts receivables" include all trade receivables for a total of Euro 30,696 thousand, accounted at their nominal value and presented in the financial statements net of bad debt provision which amounts to Euro 3,280 thousand.

The adjustment of the receivables to their presumed realizable value is obtained by allocating a special provision calculated on the basis of the examination of the individual credit positions unless trade receivables covered by insurance and with the criterion of *expected credit losses* as required by IFRS 9.

The provision is related to the part of receivables not covered by insurance, to the quote of credit cap and deductible of the receivables covered by insurance and to receivables related to litigations.

The existing provision year-end represents a prudential estimate of the existing risk. The movement of the fund is shown below:

(Euro thousand)	June 30, 2020
Opening balance	2,692
New provisions	589
Closing balance	**3,280**

16 CURRENT TAX ASSETS

Current tax assets of Euro 6,595 thousand include advance tax disbursements paid by the parent company for Euro 6,387 thousand, including IRES and IRAP, and by foreign companies of the Group for the remaining part.

17 OTHER CURRENT NON-FINANCIAL ASSETS

The breakdown of other current non-financial assets is as follows:

(Euro thousands)	June 30, 2020
VAT credit	646
Advances to suppliers	725
Sundry receivables	2,814
Deferred income	366
Total Other current non-financial assets	**4,550**

The item "VAT Credit" mainly includes the credit balance of European companies for Euro 382 thousand and of Golden Goose Korea Euro 273 thousand.

Sundry receivables mainly include transitional accounts linked to collection with payment instruments such as *paypal, adyen* and credit cards (Euro 1.194 thousand), receivables from L'Ermitage for grants to renovate a building (Euro 843 thousand) and VAT credit for the Korean component (Euro 601 thousand).

Accrued income and prepaid expenses measure income and charges whose competence is advanced or postponed with respect to the numerical and / or documental event; they disregard the date of payment or collection of the related income and charges, common to two or more financial years and spread over time.

The criteria adopted in the evaluation and conversion of the values expressed in foreign currency are reported in the first part of these explanatory notes.

At June 30, 2020, there are no accruals and deferrals with a duration of more than five years.

18 Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

(Euro thousand)	June 30, 2020
Bank deposits	110,012
Cash	15
Total cash and cash equivalents	**110,027**

At June 30, 2020 the cash and cash equivalents amounted to Euro 110,027 thousand and is mainly represented by bank deposits. Please refer to the cash flow statement for the analysis of events that led to changes in cash and cash equivalents.

19 Shareholders' equity

Authorized, issued and fully released shares (number of shares)	June 30, 2020
At the beginning of the year	**1,004,341**
No changes during the period	—
At the end of the period	**1,004,341**

Distribution of dividends made and proposals

No dividends were paid during the period.

19.1 Stock incentive plans

The stock option plans, were assigned to top management in 2017 and extended to a wider audience of employees in 2019, provided for the possibility for incentivized parties to subscribe to a predetermined number of category "D" shares in cases where the Shareholder sold directly or indirectly all or part of its share package ("Exit Event"), in case of *filing* of a prospectus aimed at admitting the Group's shares to trading on a regulated market ("Listing Event"), or November 29, 2026 ("Expiry Date") if the options had not already been exercised by virtue of the events mentioned above.

The acquisition of the Group by Permira fund constituted an Exit Event, so at the date of the financial statement these options have been acquired by Astrum 3 together with the shares of the parent company Sneakers Maker S.p.A..

The Group didn't grant any other stock option during the period and no stock options were repurchased.

20 Provisions for severance indemnities

The movements in the provisions for severance indemnities during the period are as follows:

(Euro thousand)	June 30, 2020
Opening balance	**1,119**
Cost of service	253
Net interest	6
Benefits paid	(15)
Actuarial gains (losses)	0
Other	6
Closing balance	**1,369**

Liabilities for **defined benefit plans** (provision for severance indemnity) were assessed with the support of actuarial experts and carried out on the basis of the "accrued benefits" methodology through the Project Unit Credit Method as required by IAS 19. This method is substantiated in assessments that express the average present value of the pension obligations accrued based on the service that the worker has provided up to the time when the assessment itself is carried out, not projecting the employee's wages according to the regulatory changes introduced by the recent Social Security Reform. The calculation methodology can be schematized in the following phases:

- projection for each employee in force on the valuation date, of the severance indemnity already set up to the random future time of payment;

- determination for each employee of the probable severance indemnity payments to be made by the company in the event of the employee leaves the company because of dismissal, resignation, incapacity, death and retirement as well as against requests for advances;

- discounting, at the valuation date, of each probable payment.

The actuarial model for the evaluation of the provision for severance indemnity is based on various hypotheses, both demographic and economic—financial. The hypotheses of the model are:

Economic technical assumptions	**June 30, 2020**
Annual discount rate	0.77%
Annual inflation rate	1.20%
Annual prov. for sev. ind. increase rate	2.40%
Annual salary increase rate	0.50%

Technical demographic assumptions	
Death	RG48 tables published by the State General Accounting Office
Disability	INPS tables distinguished by age and gender
Retirement	100% upon reaching the AGO requirements adequate to the decree n.4 / 2019

Annual turnover frequencies and severance indemnity advance	
Anticipation frequencies	0.5%
Turnover frequencies	5.0%

The provision does not include the indemnities accrued since 1 January 2007, intended for supplementary pension schemes pursuant to Legislative Decree no. 252 of December 5, 2005 (or transferred to the INPS treasury).

There are no amounts of severance indemnity relating to terminated employment contracts, whose payment has expired before December 31, 2019 or will expire in the following year. The uses of the year refer only to liquidations for voluntary resignations. In the financial year after December 31, 2019, the payment to provision for severance indemnity employees is not expected following incentive resignations and corporate restructuring plans.

The following table highlights the effects that would have had on the defined benefit obligation following the reasonably possible changes in the actuarial assumptions relevant at the end of the year:

Sensitivity analysis of the main valuation parameters as of June 30, 2020	**change (Euro thousand)**
Turnover rate + 1.00%	(20)
Turnover rate − 1.00%	23
Inflation rate + 0.25%	31
Inflation rate − 0.25%	(30)
Discount rate + 0.25%	(38)
Discount rate − 0.25%	39

21 DEFERRED TAX LIABILITIES

With regards to the breakdown and changes in the deferred tax liabilities, please refer below to the income taxes note of the consolidated proft and loss.

22 PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT AND CURRENT)

Among the provisions for non-current risks and charges, the Group allocates the “Agents’ supplementary clientele allowance”. The fund includes the provisions made as supplementary customer indemnity and termination of agency relations; it is intended to cover the indemnity due to agents when the mandate is terminated.

The supplementary customer indemnity fund is set aside on the basis of regulatory provisions and collective economic agreements regarding situations of probable interruption of the mandate given to agents for reasons attributable to the principal.

The provisions are entered at the value representative of the best estimate of the amount that the company would pay to extinguish the obligation or to transfer it to third parties at the end of the period.

The breakdown and movements of the non-current provisions for risks and charges is shown below:

Description (in Euro thousand)	01.01.2020	Variation on consolidation scope	Increases	decreases	June 30, 2020
Agents' supplementary clientele allowance ...	165	—	—	—	165
Other provisions for non-current risks	119	—	109	—	228
TOTAL...	**284**	**—**	**109**	**0**	**393**

The item "Other provisions" includes the estimate of future liabilities deemed probable and reasonably estimable in the amount. As of June 30, 2020, this item amounted to Euro 228 thousand.

The current provision for risks and charges includes the return liability which is an estimate of the persistent returns on products sold during the year, but which could be returned by customers in the following years. The Returns Fund as of June 30, 2020 amounts to Euro 3,587 thousand.

23 TRADE PAYABLES

The breakdown of trade payables is as follows:

(Euro thousands)	June 30, 2020
Trade payables..	45,799
Total trade payables...	**45,799**

Trade payables are recorded net of commercial discounts; cash discounts are instead recognized at the time of payment. The nominal value of these payables was adjusted, on the occasion of returns or rebates (invoicing adjustments), to the extent corresponding to the amount defined with the counterparty.

24 OTHER CURRENT NON-FINANCIAL LIABILITIES

The breakdown of other current non-financial liabilities is as follows:

(Euro thousand)	June 30, 2020
VAT payable	270
Payables to social security institutions	795
Advances from customers	1,339
Sundry payables	5,053
Total Other current non-financial liabilities	**7,457**

Payables to social security institutions mainly refer to payables for social security contributions, both for Golden Goose and for the other companies.

The item Advances from customers includes advances received from customers for the supply of goods and services not yet performed. These advances are recognized as revenue when control of the assets is transferred to customers. The item “Sundry payables” mainly refers to payables to employees (remuneration, bonuses and deferred charges).

25 CURRENT TAX LIABILITIES

Current tax liabilities amounted to Euro 17,723 thousand at June 30, 2020, and they refer to IRES, IRAP payables as well as current taxes payables of foreign subsidiaries.

26 COMMITMENTS AND GUARANTEES

The breakdown of commitments and guarantees is as follows:

Guarantees and guarantees given (Euro thousand)	June 30, 2020
Guarantees in favor of third parties and companies	8.110
Total	**8.110**

The guarantees mainly refer to lease agreements for stores in the US, Italy and in other countries where the Group operates.

CONSOLIDATED PROFIT AND LOSS

27 NET TURNOVER

The tables listed below show the net turnover for the six months period ended June 30, 2020 analyzed by product type, by categories, by distribution channels and by geographic area.

Revenues by product type

(Euro thousand)	For the six months period ended June 30, 2020
Sales of raw materials/Other	1,701
Sales of finish goods	107,523
Revenue adjustments	369
Total	**109,592**

Revenues by category

(Euro thousand)	For the six months period ended June 30, 2020
Main revenues	108,530
Revenue adjustments	(639)

Other revenues	1,701
Total	**109,592**

Revenues by distribution channel

(Euro thousand)	For the six months period ended June 30, 2020
Wholesale	52,925
Retail	41,883
Web	12,862
Other	1,922
Total	**109,592**

Revenues by geographical area

Referring to the characteristic revenues, that is the sale of finished products, the following is an analytical indication of the geographical segments that represent the Group's main revenue lines:

(Euro thousand)	For the six months period ended June 30, 2020
Italy	18,188
Emea	29,184
USA	26,132
Apac	34,166
Other	1,922
Total	**109,592**

The right of return assets related to the goods expected to be returned by the customers, accounted within inventories at cost value, amount to Euro 1,241 thousand at June 30, 2020.

The refund liabilities related to the obligation to refund customers for returns on products sold during the year, but which could be returned by customers in the following years, is accounted within current provision for risks and charges and amounts to Euro 3,587 thousand at June 30, 2020.

28 COST OF GOODS SOLD

The breakdown of cost of good sold is as follows:

(Euro thousand)	For the six months period ended June 30, 2020
Consumes of raw materials and finished products	30,975
Personnel cost	2,598
Other production costs	1,437
Inbound Transport Costs	3,818
Cost per Samples	860
Industrial depreciation	88
Total cost of goods sold	**39,776**

29 GENERAL AND ADMINISTRATION EXPENSES

The breakdown of general and administrative expenses is as follows:

(Euro thousand)	For the six months period ended June 30, 2020
General and administrative expenses	
Non-industrial depreciation	1,954
Non-Industrial ROU depreciation	310
Cost of G&A personnel	3,468
Other Operating Costs	9,978
Other Operating Income	(362)
Total	**15,348**

The item Other operating costs consists primarily of consulting and costs for transfers. The residual mainly includes bank commissions, utilities, annual software licenses, maintenance, charges incurred for taxes, duties and taxes not related to business income, gifts to customers, supervision, staff training, entertainment expenses.

30 SELLING AND DISTRIBUTION EXPENSES

The breakdown of selling and distribution expenses is as follows:

(Euro thousand)	For the six months period ended June 30, 2020
Selling and distribution expenses	
Depreciation of stores	11,025
Cost of shops' staff	10,510
Variable commissions on sales	4,475
Distribution logistics	1,498
Credit Management Costs	1,230
Other commercial expenses	202
Remuneration to agents	37
Total	**28,977**

Selling and distribution expenses mainly relate to depreciation expenses related to stores of Euro 11,025 thousand, cost of shops' staff of Euro 10,510 thousand and variable commissions on sales of Euro 4,475 thousand.

31 MARKETING AND ADVERTISING

The breakdown of marketing and advertising is as follows:

(Euro thousand)	For the six months period ended June 30, 2020
Marketing and advertising	
Marketing and advertising	1,790
Personnel cost	979
Total	**2,769**

32 SUMMARY OF COSTS BY NATURE

The following are details of the nature of the total of personnel costs and of the total cost of depreciation with indication of the item in the income account of destination:

(Euro thousand)	For the six months period ended June 30, 2020
Included in the cost of goods sold	2,598
Included in the general and administrative expenses	3,468
Included in marketing expenses	979
Included in sales and distribution costs	10,510
Total personnel costs	**17,555**

The item includes the entire expense for employees including improvements in merit, category changes, contingency shots, cost of unused holidays, result bonuses, provisions of law and those relating to collective agreements.

Details of the composition of personnel costs are given below:

(Euro thousand)	For the six months period ended June 30, 2020
Wages and salaries	15,076
Social charges	1,814
Employee severance indemnity	665
Total personnel costs	**17,555**

The Group workforce, broken down by category as of June 30, 2020, was as follows:

WORKFORCE	June 30, 2020
Senior executives	17
Headquarters employees	223
Showroom employees	5
Direct store employees	452
TOTAL WORKFORCE	697

The national Italian employment contracts applied are those of the textile and clothing sector and that of commerce.

(Euro thousand)	For the six months period ended June 30, 2020
Included in the cost of goods sold:	
Amortization of tangible assets	88
Included in general and administrative expenses:	
Depreciation of tangible assets	356
Amortization of intangible assets	1,596
Depreciation Right of Use	310
Included in sales and distribution costs:	
Amortization of tangible assets	2,888
Amortization Right of Use	7,736
Amortization of intangible assets	401
Total depreciation, write-downs of fixed assets included in the income statement	**13,376**

(Euro thousand)	For the six months period ended June 30, 2020
Included in sales and distribution costs:	
Leases variable payments (Note 9)	4,475
Included in administrative costs:	
Lease costs — Low value assets (Note 9)	239
Rent relief accounted as negative variable lease payment	(1,131)
Total lease payments	**3,583**

33 FINANCIAL INCOME AND EXPENSES

The breakdown of financial income and expenses is as follows:

(Euro thousand)	For the six months period ended June 30, 2020
Interest expense and bank charges	(8,709)
Exchange gains (losses)	(2,831)
Financial expenses IFRS16	(2,688)
Income / (Charges) on derivative financial instruments	(112)
Other charges	(12)
Total financial expenses	***(14,352)***
Exchange gains (losses)	1,404
Other financial income	323
Total financial income	***1,726***
Net balance of financial expenses and income	**(12,626)**

As indicated in the table above, the item mainly includes related financial expenses:

- the financial facilities obtained by various credit institutions in relation to the payables for medium / long-term financing lines already mentioned above. The total interest on credit institutions for the period amounts to Euro 8,709 thousand and is composed as follows:

  - Financial interest on the € 240,000,000 "*Notes";* interest expense accrued for the period up to the early repayment amounted to a total amount of Euro 7,861 thousand;

  - Financial interest on the revolving facility drawn and repaid during the period for Euro 263 thousand;

  - Financial interest on the new intercompany loan obtained from Astrum 3 following the acquisition from the Permira Fund for Euro 580 thousand;

- leases financial expenses for Euro 2,688 thousand (see note 9 and 11.4.5)

- the negative differential for derivative instruments equal to Euro 112 thousand

- other charges of a financial nature of a residual amount.

Gains and losses on foreign exchange

Net exchange losses for the six months period ended June 30, 2020 equal to Euro 1.540 thousand, of which Euro 590 thousands not realized.

34 INCOME TAXES

Taxes for the year are recorded in this item. As regards the IRES and IRAP taxation, the tax liability is recognized under the item Tax payables net of advance payments made.

Taxes	For the six months period ended June 30, 2020

Current taxes:	
IRES	5,603
IRAP	1,084
Taxes related to foreign companies	437
Taxes relating to previous years	(687)
Deferred taxes (prepaid)	(1,932)
Total Income taxes	**4,505**

The reconciliation between the income taxes accounted for and the theoretical taxes resulting from the application of the rate in force in Italy to the pre-tax profit for the six months period ended June 30, 2020 is as follows:

Effective tax rate reconciliation	For the six months period ended June 30, 2020	%
Profit before taxes	**10,096**	
Expected tax	2,423	24.0%
Actual taxes	4,505	44.6%
Net result	**5,591**	
Tax rate deviation from effective tax rate	2,082	+20.6%
Differences that generate the deviation		
IRAP on income produced in Italy	104	1.0%
Tax losses not recognized as deferred tax assets	2,613	25.9%
Effect different rates in force in other countries	(576)	−5.7%
Other differences	(59)	−0.6%
Total	**(2,082)**	**20.6%**

Deferred taxes

Deferred taxes are related to Deferred tax liabilities, whose total balance at the end of the six months period ended June 30, 2020 was Euro 59,922 thousand; this amount originated in 2017 following the purchase price allocation brand "Golden Goose Deluxe Brand".

Deferred taxes have been calculated according to the global allocation criterion, taking into account the cumulative amount of all temporary differences, based on the expected average rates in force at the time when these temporary differences will reverse; in particular, an IRES rate of 24% was considered starting from 2017, in compliance with the provisions of the 2016 Stability Law. Deferred tax assets were recognized only where there is reasonable certainty of existence of taxable income in fiscal years where the deductible temporary differences will be reversed. Even for deferred tax assets, an IRES rate of 24% was considered starting from the 2017 financial year, in compliance with the provisions of the 2016 Stability Law.

The main temporary differences are summarized in the following table.

(Euro thousand)	June 30, 2020
Deferred tax assets	
Intercompany profit	5,594
Obsolescence allowances on inventories	2,231
Non-deductible interest expense	1,426
Temporary differences due to IFRS 16 accounting	1,443
Depreciation and write-downs	412
Allowance for doubtful accounts	780
Returns provision	410
Past US tax losses	1,381
Other	1,452
Total deferred tax assets	**15,130**
Deferred taxes	
Brands value allocated following the 2017 acquisition	58,041
US Federal and State depreciation	1,306
Other	575
Total deferred tax liabilities	**59,922**
Net balance of deferred taxes	**(44,792)**

US tax losses, both recognized and unrecognized as deferred tax asset, could be carried forward indefinitely.

35 **TRANSACTIONS WITH RELATED PARTIES**

Please note that the Group leases the building in which it carries out part of its operating activity, located in Marghera (Ve). This building is owned by the company L'Ermitage S.r.l., whose ownership is attributable to some of the shareholders of a parent company. The fees incurred by the company Golden Goose S.p.A. for the use of the building described above during the six months period ended in June 30, 2020 were equal to Euro 165 thousand.

The table below shows the relations of the parent company Golden Goose S.p.A. with its subsidiaries, for the six months period ended June 30, 2020. The amounts indicated are in thousands of Euro.

The table below shows the data for the financial period ended June 30, 2020:

Company	Financial liabilities	Financial receivables	Trade receivables	Trade payables	Other receivables	Sales	Financial income	Financial expenses	Guarantee
Astrum 3 S.p.A.	(319.024)	0	0	0	0	0	0	(580)	
Golden Goose Aspen Llc	0	0	0	0	0	0	0	0	
Golden Goose Atlanta Llc	0	440	219	0	0	202	7	0	*
Golden Goose Australia Ltd............	0	0	969	0	1.668	700	0	0	*
Golden Goose Austria Gmbh	0	0	927	0	0	148	0	0	
Golden Goose Belgium Sprl............	0	1.260	0	(3)	0	36	11	0	*
Golden Goose Boca Llc	0	0	0	0	0	0	0	0	
Golden Goose Boston Llc	0	1.263	98	0	0	210	96	0	
Golden Goose Chicago Llc	0	735	173	0	0	231	23	0	*
Golden Goose Dallas Llc	0	751	149	0	0	341	66	0	
Golden Goose Denmark ApS	0	0	636	0	532	(119)	0	0	*
Golden Goose France Sas................	0	4.311	2.505	(260)	454	1.989	21	0	
Golden Goose Germany Gmbh	0	721	0	(256)	0	(154)	6	0	*
Golden Goose Hampton Llc............	0	551	0	(19)	0	1	20	0	*
Golden Goose Hawaii Llc	0	1.300	46	0	0	214	35	0	*
Golden Goose HK Ltd.....................	0	26.914	1.799	0	42	442	29	0	
Golden Goose Hirsh Llc..................	0	0	0	0	0	0	0	0	
Golden Goose Holland Bv	0	806	246	0	0	246	7	0	
Golden Goose Houston Llc	0	284	253	0	0	227	3	0	*
Golden Goose Japan Ltd	0	0	1.730	0	2.536	375	0	0	*
Golden Goose Korea Ltd.................	0	0	10.637	0	0	10.168	0	0	
Golden Goose LA Llc	0	1.051	62	0	0	211	5	0	*
Golden Goose Las Vegas Llc	0	746	639	0	0	368	62	0	*
Golden Goose Macau	0	0	531	0	5.599	68	0	0	
Golden Goose Madison Llc.............	0	2.729	34	0	0	306	14	0	*
Golden Goose Miami Llc	(38)	637	109	0	0	407	34	0	*
Golden Goose Nashville Llc	0	532	117	0	0	244	46	0	*
Golden Goose New Jersey Llc	(0)	1.083	55	0	0	219	126	0	*
Golden Goose NY Llc	(1.012)	0	131	0	0	331	0	(10)	*
Golden Goose Portugal	0	0	482	0	421	215	0	0	*
Golden Goose San Francisco Llc	0	0	37	0	0	165	41	0	*
Golden Goose Santa Clara Llc	0	544	237	0	0	213	7	0	*
Golden Goose Scottsdale Llc	0	618	318	0	0	293	4	0	
Golden Goose SCP Llc....................	0	1.244	112	0	0	290	44	0	*
Golden Goose Shanghai Trading	0	2.022	7.084	0	0	1.745	28	0	
Golden Goose Singapore.................	0	0	0	0	55	0	0	0	
Golden Goose Spain SL	0	2.335	654	0	0	831	18	0	*
Golden Goose Switzerland Gmbh...	0	0	751	0	190	(150)	0	0	*
Golden Goose Taiwan	0	0	1.629	0	3.872	331	0	0	
Golden Goose Trading	0	0	1.528	0	872	457	0	0	
Golden Goose Topanga Llc.............	0	0	0	0	0	0	0	0	*
Golden Goose Turchia.....................	0	0	0	0	159	0	0	0	
Golden Goose UK Ltd.....................	0	2.981	0	(235)	0	314	24	0	
Golden Goose USA INC	(1.671)	0	11.931	0	0	14.023	0	(281)	
Golden Goose Virginia Llc	0	68	0	0	0	0	0	0	*
Golden Goose Woodbury Llc..........	0	2.522	3	0	0	3	67	0	*
Sneakers Maker SpA	0	0	0	0	57	0	0	0	
Total	**(321.745)**	**58.449**	**46.834**	**(773)**	**16.458**	**36.139**	**844**	**(871)**	

(*) Please note that Golden Goose S.p.A. guaranteed regular payment of the annual rent of the lease and any other payment due, according to the contract signed with the above-mentioned controlled companies, as indicated in the section to guarantees.

36 TRANSACTIONS WITH EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The meaning of executives with strategic responsibilities is intended in a broad sense. The CEO, his direct reports and other collaborators are included in this category: they can be both “managers” and “directors” with strategic responsibilities.

Remuneration of key Group executives

(Euro thousand)	For the six months period ended June 30, 2020
Current benefits	2,069
Post-employment pension and welfare benefits	364
Employee termination benefits	107
Total remuneration paid to key executives	2,539

Loans granted to executives with strategic responsibilities

Loans to employees, included in the line item “Non-current financial assets” include loan assets provided in prior periods to some executives and related to share incentive plans for Euro 728 thousands.

37 INFORMATION RELATING TO AGREEMENTS NOT SHOWN IN THE BALANCE SHEET

The Group has no agreements in place that are not reflected in the consolidated statement of financial position.

38 SUBSEQUENT EVENTS

Following the acquisition already mentioned, Astrum 3 S.p.A. and Sneakers Maker S.p.A. have been subsequently merged within Golden Goose S.p.A..

***

These consolidated financial statements, consisting of the statement of the financial position, profit and loss, the consolidated other comprehensive income, the cash flow statement, the statement of changes in consolidated shareholders’ equity and explanatory notes, give a true and fair view of the financial position and of its the financial performance and cash flows and correspond to the results of the accounting records of the parent company and to the information transmitted by the companies included in the consolidation.

Chief Executive Officer
Dott. Silvio Campara

GOLDEN GOOSE S.P.A.

BASED IN VIA SAN MARTINO 17- 20122 MILANO (MI)

SHARE CAPITAL Euro 1.004.341,00 fully paid

Report and Audited Consolidated Financial Statements of Golden Goose S.p.A.
for the years ended December 31, 2019, 2018 and 2017

EY S.p.A.
Viale Appiani, 20/b
31100 Treviso

Tel: +39 0422 358811
Fax: +39 0422 433026
ey.com

Building a better working world

Independent auditor's report

To the Board of Directors of
Golden Goose S.p.A.

Opinion

We have audited the consolidated financial statements of the Golden Goose Group (the Group), which comprise the group consolidated statement of financial position as at December 31, 2017, 2018 and 2019, and the consolidated profit and loss, the consolidated other comprehensive income, the statement of changes in consolidated shareholders' equity and the cash flow statement for the years then ended, and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2017, 2018 and 2019, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of Golden Goose S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

These financial statements have been prepared by the Directors for the sole purpose of their inclusion in the documents for a proposed capital markets transaction.

Responsibilities of Directors and Those Charged with Governance for the consolidated financial statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the 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, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent or to cease operations, or have no realistic alternative but to do so.

The Board of the Statutory Auditors ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgment and maintained professional skepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained 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;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated 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 such manner to give a fair view.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities 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.

Building a better working world

We have communicated with those charged with governance, as properly identified in accordance with 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.

Treviso, April 10, 2020

EY SpA

Consolidated financial statements

Consolidated Profit and Loss

(Euro thousand)	Note	2019	2018	2017(*)
Net Turnover	**30**	**263,376**	**186,964**	**114,499**
Cost of Goods sold	31	(103,372)	(84,133)	(56,806)
Net Margin		**160,004**	**102,831**	**57,694**
Selling and distribution expenses	33	(49,650)	(35,749)	(13,649)
General and Administration expenses	32	(31,052)	(15,639)	(27,893)
Marketing and Advertising	34	(7,608)	(8,426)	(4,028)
Operating Result (EBIT)		**71,694**	**43,017**	**12,124**
Financial Income	36	1,661	1,681	237
Financial Expenses	36	(29,228)	(10,662)	(8,487)
Profit before tax		**44,126**	**34,035**	**3,874**
Income taxes	37	(8,646)	(6,308)	4,068
Net result		**35,481**	**27,728**	**7,943**
Minority interest		**(98)**		
Group interest		**35,579**	**27,728**	**7,943**

(*) as better indicated in paragraph 10.IV.1 the Group until 28 February 2017 was substantially non-operating, being composed solely of the company Agosto 2013 S.p.A.. The 2017 figures therefore reflect the operating results starting from 1 March 2017, following the acquisition of the Golden Goose Group.

Consolidated other comprehensive income

(Euro thousand)	2019	2018	2017
Net income	**35,481**	**27,728**	**7,943**
Other components of the comprehensive income statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes			
Net change in cash flow hedge reserve	101	(98)	101
Taxes	(24)	23	(24)
Total profits / (losses) from valuation of financial instruments	**77**	**(74)**	**77**
Foreign exchange differences from translation of financial statements in currencies other than the Euro	103	137	239
Total other components of the comprehensive income statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes	**180**	**63**	**315**
Other components of the comprehensive income statement that will not be reclassified in the profit / (loss) in subsequent periods, net of taxes			
Gains / (losses) from actuarial valuation	(260)	(31)	(16)
Taxes	62	8	4
Total gains / (losses) on actuarial valuation	**(198)**	**(24)**	**(12)**
Total other comprehensive income will not be reclassified in profit / (loss) in subsequent periods, net of taxes	**(18)**	**39**	**303**
Total comprehensive income for the year, net of taxes	**35,463**	**27,767**	**8,246**
Minority interest	(98)		
Group interest	35,561	27,767	8,246

Group Consolidated statement of financial position

(Euro thousands)	Note	31-12-2019	31-12-2018	31-12-2017
ASSETS				
Intangible assets	11	469,790	462,832	459,272
Tangible assets	13	29,238	16,881	10,898
Right of use assets	12	80,073	56,244	33,521
Deferred tax asset	15	12,429	7,198	8,319
Non-current financial assets	14	1,888	1,145	611
Other non-current assets	16	4,337	2,192	1,743
Non-current assets		**597,754**	**546,493**	**514,363**
Inventories	17	45,443	30,141	20,250
Accounts receivable	18	36,524	32,311	30,470
Current Tax assets	19	5,696	4,672	4,810
Other current non-financial assets	20	5,854	2,522	5,926
Current financial assets	14	1,289	6	108
Cash and cash equivalents	21	27,224	17,553	10,664
Current assets		**122,031**	**87,205**	**72,227**
Total Assets		**719,785**	**633,698**	**586,591**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Share capital		1,004	1,004	1,004
Share premium		182,628	301,300	301,300
Other reserves		32,441	8,605	1,302
Results for the year		35,579	27,728	7,943
Group shareholders' equity	**22**	**251,651**	**338,637**	**311,548**
Minority reserves		**(6)**	—	—
Minority interest		**(98)**	—	—
Minority shareholders' equity		**(104)**	—	—
Total shareholders' equity		**251,548**	**338,637**	**311,548**
Provisions for severance indemnities	23	1,119	823	606
Deferred tax liabilities	24	58,666	58,630	59,102
Non-current Provisions for risks and charges	25	285	463	858
Non-current financial liabilities	14	73,006	166,479	156,325
Other non-current debt		140	71	—
Non-current liabilities		**133,216**	**226,465**	**216,891**
Trade payables	26	55,000	43,367	40,822
Other current non-financial liabilities	27	11,368	6,022	5,116
Current Tax liabilities	28	13,237	899	1,687
Current provisions for risks and charges	25	2,049	2,020	1,460
Current financial liabilities	14	253,367	16,288	9,068
Current liabilities		**335,020**	**68,596**	**58,152**
Total liabilities and shareholders' equity		**719,785**	**633,698**	**586,591**

Cash flow statement

(Euro thousand)	Note	2019	2018	2017
A. Cash flow generated (absorbed) by operations				
Profit (loss) for the year		35,481	27,728	7,943
Income taxes		8,646	6,308	(4,074)
Interest expense (interest income)		27,568	9,680	6,609
(Dividends)		0	0	0
Share-based payment expense		2,482	0	926
Accruals to provision		7,499	4,289	6,189
Depreciation of fixed assets		19,023	10,730	13,241
Write-downs for impairment losses		708	955	0
Other adjustments for non-monetary items		154	(3,465)	0
Decrease / (increase) in inventories		(18,312)	(8,249)	(11,379)
Decrease / (increase) in trade receivables		(4,919)	(853)	(3,117)
Increase / (decrease) in trade payables		11,632	2,555	16,268
Other changes in net working capital		(7,466)	(583)	(8,542)
Interest collected / (paid)		(14,074)	(8,772)	(5,155)
(Income tax paid)		4,753	(3,421)	(5,941)
Dividends collected		0	0	0
(Use of provision)		(1,365)	(2,132)	(5,293)
CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)		**71,811**	**34,770**	**7,675**
B. Cash flow generated (absorbed) by investment activities				
* Tangible assets				
(Investments)		(16,942)	(3,753)	(4,166)
Disposal price		0	0	0
* Intangible assets				
(Investments)		(9,373)	(10,128)	(12,559)
Disposal price		0	0	0
* Non-current financial assets				
(Investments)		(4,170)	(1,613)	(719)
Disposal price		0	0	0
* Merger / Acquisitions / Cessation of subsidiaries or business units net of cash and cash equivalents		0	0	(408,105)
CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES (B)		**(30,485)**	**(15,494)**	**(425,550)**
C. Cash flow from financing activities				
* Debt				
Proceeds of borrowings		231,048	0	128,000
Repayment of borrowings		(137,675)	(11,708)	(1,775)
* Equity				
Proceeds from issue of share capital		0	0	302,304
Sale (purchase) of treasury shares		0	0	0
(Dividends and advances on dividends paid)		(125,000)	0	0
Repurchase of stock options		(28)	(678)	0
CASH FLOW GENERATED (ABSORBED) BY FINANCIAL ACTIVITIES (C)		**(31,655)**	**(12,386)**	**428,529**
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (A +-B +-C)		**9,671**	**6,889**	**10,654**
Cash and cash equivalent at the beginning of the year		17,553	10,664	10
Cash and cash equivalent at the end of the year		**27,224**	**17,553**	**10,664**

Statement of changes in consolidated shareholders' equity

(Euro thousand)	Share capital	Share premium	Translation reserve	Legal reserve	Actuarial reserve	Other reserves	Cash flow hedge reserve	Retained earnings	Result for the year	Group shareholders' equity	Minority shareholders' equity	Total shareholders' equity
As at 1 January 2017	**10**	**—**	**—**	**—**	**—**	**—**	**—**	**(4)**	**0**	**6**		**6**
Net gain/(loss) on cash flow hedges	—	—	—	—	—	—	77	—	—	77		77
Change in actuarial reserve	—	—	—	—	(12)	—	—	—	—	(12)		(12)
Exchange differences on translation of foreign operations	—	—	239	—	—	—	—	—	—	239		239
Profit (loss) for the year	—	—	—	—	—	—	—	—	7.943	7.943		7.943
Total comprehensive income	***0***	***0***	***239***	***0***	***(12)***	***0***	***77***	***0***	***7.943***	***8.247***	***0***	***8.247***
Carry forward of 2016 profit	—	—	—	—	—	—	—	0	0	0		0
Shareholder capital injection	994	301.300	—	—	—	—	—	—	—	302.294		302.294
Stock option assignment	—	—	—	—	—	1.003	—	—	—	1.003		1.003
As at 31 December 2017	**1.004**	**301.300**	**239**	**—**	**(12)**	**1.003**	**77**	**(4)**	**7.943**	**311.548**	**—**	**311.548**
Net gain/(loss) on cash flow hedges	—	—	—	—	—	—	(74)	—	—	(74)		(74)
Change in actuarial reserve	—	—	—	—	(24)	—	—	—	—	(24)		(24)
Exchange differences on translation of foreign operations	—	—	137	—	—	—	—	—	—	137		137
Profit (loss) for the year	—	—	—	—	—	—	—	—	27.728	27.728		27.728
Total comprehensive income	***0***	***0***	***137***	***0***	***(24)***	***0***	***(74)***	***0***	***27.728***	***27.767***	***—***	***27.767***
Carry forward of 2017 profit	—	—	—	—	—	—	—	7.943	(7.943)	0		0
Stock option repurchase transactions	—	—	—	—	—	(678)	—	—	—	(678)		(678)
As at 31 December 2018	**1.004**	**301.300**	**376**	**—**	**(36)**	**324**	**3**	**7.939**	**27.728**	**338.637**	**—**	**338.637**
Net gain/(loss) on cash flow hedges	—	—	—	—	—	—	77	—	—	77		77

Change in actuarial reserve	—	—	—	—	(198)	—	—	—	—	(198)		(198)
Exchange differences on translation of foreign operations	—	—	103	—	—	—	—	—	—	103		103
Profit (loss) for the year	—	—	—	—	—	—	—	—	35.579	35.579	(98)	35.481
Total comprehensive income	***0***	***0***	***103***	***0***	***(198)***	***0***	***77***	***0***	***35.579***	***35.561***	***(98)***	***35.463***
Carry forward of 2018 profit	—	—	—	201	—	—	—	27.527	(27.728)	0		0
Dividend distribution	—	(118.672)	—	—	—	—	—	(6.328)	—	(125.000)		(125.000)
Stock option assignment	—	—	—	—	—	2.482	—	—	—	2.482		2.482
Stock option repurchase transaction	—	—	—	—	—	(28)	—	—	—	(28)		(28)
Change in the consolidation area	—	—	—	—	—	—	—	—	—	0	(6)	(6)
As at 31 December 2019	**1.004**	**182.628**	**479**	**201**	**(234)**	**2.778**	**80**	**29.138**	**35.579**	**251.651**	**(104)**	**251.548**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AS AT 31/12/2019

1 Introduction

Dear Shareholders,

These consolidated financial statements, submitted for your examination and approval, show a profit of 35,481 Euro thousands.

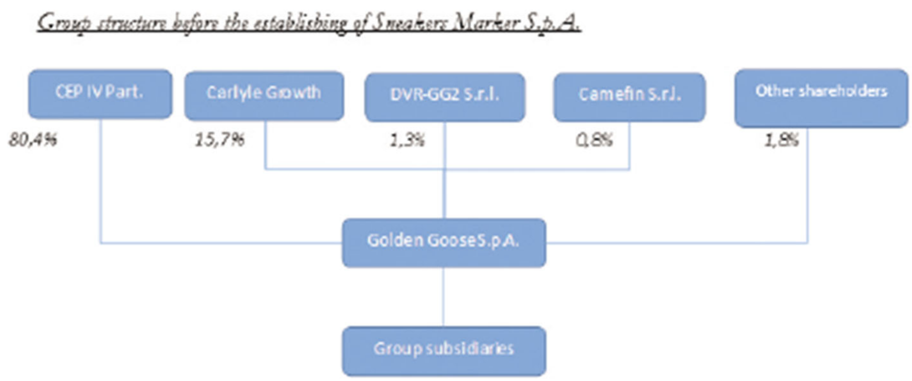
2 Business carried out

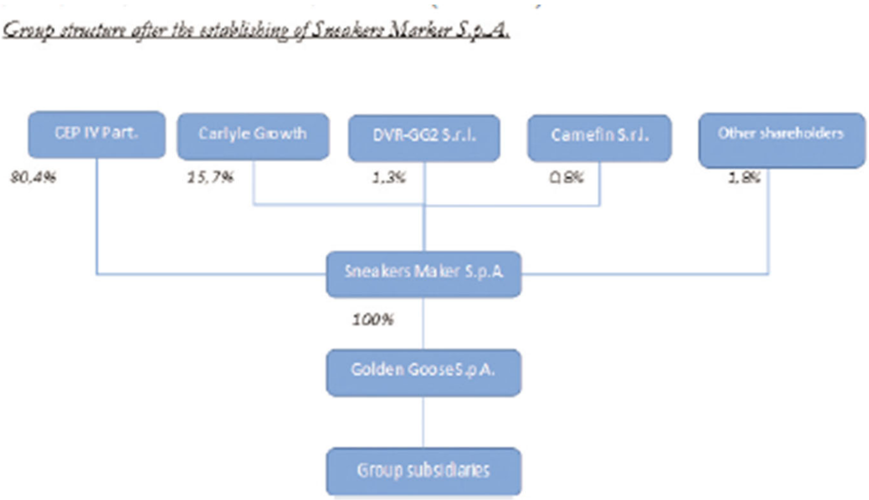
The Group operates in the production and marketing of fashion products mainly in the footwear, clothing and related accessories sector. The Group holds, among other things, the established brand "Golden Goose Deluxe Brand". The parent company Golden Goose S.p.A. as at 31 December 2019 was controlled by Sneakers Maker S.p.A.

3 Significant events occurred during the year

Establishing of Sneakers Maker S.p.A.

On May 31, 2019 Sneakers Maker S.p.A. (share capital Euro 50,000 fully paid) was established and the company CEP IV Participation S.a.r.l. was the sole shareholder. On June 14, 2019, a complex capitalization operation of the company was carried out through capital increases offered to the shareholders of Golden Goose S.pA. The aforementioned capital increase transaction was released through the transfer to Sneakers Maker S.p.A. of the shareholdings held by the shareholders of Golden Goose S.p.A. The total capital contribution in kind through equity investments was Euro 302.571 thousand. The entire corporate reorganization responds to the need to ensure that a single corporate vehicle, that is Sneakers Maker S.p.a., becomes the owner of the entire share capital of Golden Goose S.p.A. The newly established company will thus be able to act as the exclusive interlocutor of the potential lenders in relation to the possible creation of collateral on the shares representing the entire share capital of Golden Goose S.p.A.. After this transaction, the Group's corporate structure changed as shown below:





Termination of the loan contracted with the pool of banks led by Banca Imi; issue of fully subscribed bonds and obtaining a new medium / long-term loan facility with Unicredit Banca.

On 14 June 2019 Golden Goose S.p.A. paid off in advance the pool loan called "*Glamour*", previously born for the Carlyle Group acquisition operations in 2017. The residual nominal value, divided in various *facilities,* totaled Euro 124,500 thousand.

At the same time, the following new financing agreement were signed:

1. *Notes* for a total of Euro 240,000 thousand. The interest rate applied is *Floor* 0 + 6.75% spread, quarterly interest settlement, repayment expected on the "*termination date*" after 7 years from its issue on 14.06.2019, or on 14.06.2026;

2. *ssRCF "super senior Revolving Credit Facility"* for a total of Euro 30,000 thousand. Failure to use the line entails the application of a 1.25% commission paid quarterly and this line can be used until the "t*ermination date"* corresponding to 14.06.2025 (6 years from its subscription, which took place in date 14.06.2019).

New Retail projects in Usa

As part of the strong growth and affirmation of the *brand* in the United States of America, the Group considered to increase the investment in the American *hub* by strengthening its presence with further new locations that could accommodate new *Retail* projects. For this purpose, Golden Goose San Hawaii Llc, Golden Goose Boston Llc, Golden Goose Hampton Llc, Golden Goose Nashville Llc, Golden Goose New Jersey Llc, Golden Goose Dallas Llc e Golden Goose LV Llc, Golden Goose Atlanta Llc, Golden Goose Santa Clara Llc, Golden Goose Chicago Llc, Golden Goose Virginia Llc, Golden Goose Scottsdale Llc, wholly owned by the subsidiary Golden Goose USA Inc, are now established.

Some of the aforementioned companies, despite having been set up during the 2019 financial year, are not yet operational. Here which of them: Golden Goose Atlanta Llc, Golden Goose Santa Clara Llc, Golden Goose Chicago Llc, Golden Goose Virginia Llc, Golden Goose Scottsdale Llc.

Establishment of Golden Goose Portugal Unipessoal Lda

The financial year 2019 marks the beginning of the activity of Golden Goose Portugal, a company under Portuguese law which, wholly owned by Golden Goose S.p.A., was launched with the aim of operating the first retail opening in the city of Lisbon (El Corte Inglés) . The first owned shop in Portugal is expected to open in 2020.

Golden Goose Trading Llc (Dubai) established

Golden Goose Trading Llc (Dubai) was established in April 2019. The company, 49% owned by Golden Goose S.p.A., was launched with the aim of operating the first owned store in the city of Dubai. The opening of the store took place in June 2019.

Golden Goose Macau Ltd established

Golden Goose Macau Ltd started operating in 2019 and was established in August 2019. The company, wholly owned by Golden Goose S.p.A., was launched with the aim of operating the first owned store in the city of Macau. The opening of the store took place in September 2019.

Golden Goose Taiwan Trading Co. Ltd established

Golden Goose Taiwan Trading Co. Ltd started operating in 2019 and was established in June 2019. The company, wholly owned by Golden Goose S.p.A., was launched with the aim of operating the first three owned stores in the city of Taiwan. The opening of the store took place in August 2019.

Golden Goose Singapore Ltd established

Golden Goose Singapore Ltd. was established in 2019. The company, wholly owned by Golden Goose S.p.A., was launched with the aim of operating the first store in the city of Singapore. The opening of the store is expected to take place in 2020.

Establishment of Golden Goose Australia Pty Ltd

Golden Goose Australia Pty Ltd started operating in 2019 and was established in October 2019. The company, wholly owned by Golden Goose S.p.A., was launched with the aim of operating the first owned store in the city of Sidney. The opening of the store took place in December 2019.

Golden Goose Turkey Anonim established

Golden Goose Turkey Anonim was established in 2019. The company, wholly owned by Golden Goose S.p.A., was launched with the aim of operating the first store in the city of Istanbul. The opening of the store is expected to take place in 2020.

New Retail openings

During the year, the Group continued its Retail opening program which, in 2019, involved the People's Republic of China (three stores), Hong Kong (one shop- Harbor City), Rome (Rinascente corner), Japan (Isetan, Hankyu and Iwataya).

4 COMPANY INFORMATION

The Board of Directors of Golden Goose S.p.A., on March 12, 2020, deliberated the adoption of the IFRS international accounting standards for the preparation of the Group's consolidated financial statements at December 31, 2019.

The draft consolidated financial statement as of 31 December 2019 of Golden Goose S.p.A. Group was approved by the Board of Directors held on 09 April 2020.

5 BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union and in force on the balance sheet date. The explanatory notes to the financial statements have been integrated with the additional information required by the Civil Code. The acronym "IFRS" also means the International Accounting Standards ("IAS") still in force, as well as all the interpretative documents issued by the IFRS Interpretation Committee, previously called the International Financial Reporting Interpretations Committee ("IFRIC") and even before the Standing Interpretations Committee ("SIC").

The Group's financial statements are made up as follows:

- A Consolidated statement of financial position that shows separately current and non-current assets and liabilities based on their realization or extinction within the normal business operating cycle within the twelve months following the end of the year;
- a Consolidated Profit and Loss that shows costs and revenues using a classification based on their destination, a method considered more representative than the sector of activity in which the Group operates;
- a Consolidated statement of other comprehensive income;
- a cash flow statement prepared according to the indirect method;
- a statement of changes in consolidated shareholders' equity;
- the explanatory notes containing the information required by current legislation and by international accounting standards.

These financial statements are expressed in Euro thousands, the functional currency adopted by the Parent Company, in accordance with IAS 1.

The Group has defined the 1° January 2017, the date of transition to IFRS (date of First Time Adoption—FTA). The comparatives in the financial statements were adjusted to IFRS and the Group has determined the effects of the transition to IFRS on the balance sheet as at 1° January 2017, of December 31, 2017 and December 31, 2018, providing the reconciliations required by IFRS 1 (First-time adoption of the International Financial Reporting Standards) which are illustrated in paragraph III of Note 10. This paragraph reports the reconciliations between the 2017 and 2018 result and the shareholders' equity as of January 1, 2017, December 31, 2017 and at December 31, 2018 according to the Italian accounting principles adopted and the 2017 and 2018 result and shareholders' equity at January 1, 2017, at December 31, 2017 and at December 31, 2018 according to the IFRS international accounting principles.

The financial statements have been subjected to a statutory audit, pursuant to art. 14 Legislative Decree January 27, 2010 n. 39, by the auditing firm Ernst & Young S.p.A.

With regard to additional information on the situation of the Group and on the performance and result of operations, as a whole and in the various sectors in which it has operated, also through subsidiaries, with particular regard to costs, revenues and investments, as well as a description of the main risks and uncertainties to which the Group is exposed, please refer to what is indicated in the Management Report of the Board of Directors.

6 AREA AND METHOD OF CONSOLIDATION

The consolidated financial statements originate from the financial statements of the Golden Goose S.p.A. (Parent Company) and of the Companies in which the Parent Company directly or indirectly holds the controlling stake in the capital or exercises control.

Control is obtained when the Group is exposed to or has the right to variable returns, deriving from its relationship with the entity being invested and, at the same time, can influence these returns by exercising its power over that entity.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the entity being invested in (or holds valid rights which confer it the current ability to direct the relevant activities of the entity being invested in);
- the exposure or rights to variable returns deriving from the relationship with the entity being invested in;
- the ability to exercise its power over the entity being invested to affect the amount of its returns.

Generally, there is a presumption that the majority of voting rights entail control. In support of this presumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group considers all the relevant facts and circumstances to determine whether it controls the entity being invested in, including:

- Contractual agreements with other holders of voting rights;
- Rights deriving from contractual agreements;
- Voting rights and potential voting rights of the Group.

The Group reconsiders whether it has control of an investee if the facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control of it and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the year and each of the other components of the comprehensive income statement are attributed to the shareholders of the parent company and to the minority interests, even if this implies that the minority interests have a negative balance. When necessary, appropriate adjustments are made to the financial statements of the subsidiaries, to ensure compliance with the group's accounting policies. All intragroup assets and liabilities, shareholders' equity, revenues, costs and cash flows relating to transactions between group entities are eliminated during the consolidation phase.

The changes in the shareholdings in a subsidiary that do not lead to a loss of control are accounted for equity.

If the Group loses control of a subsidiary, it must eliminate the related assets (including goodwill), liabilities, minority interests and other components of equity, while any profit or loss is recognized in the income statement. The shareholding that may be retained must be recognized at *fair value*.

The list of companies included in the consolidation is provided below:

Company name	Site	Share capital Currency	Amount	Direct owner	Prop. share %	Cons. share %
Golden Goose Holland B.V.	Amsterdam	Euro	10.000	Golden Goose S.p.A.	100	100
SASU Golden Goose France	Parigi	Euro	10.000	Golden Goose S.p.A.	100	100
Golden Goose USA INC	Wilmington	USD	1.500	Golden Goose S.p.A.	100	100
Golden Goose DB UK LTD	Londra	GBP	100	Golden Goose S.p.A.	100	100
Golden Goose Germany Gmbh	Munich	Euro	25.000	Golden Goose S.p.A.	100	100
Golden Goose HK Ltd	Hong Kong	HKD	1.702.351	Golden Goose S.p.A.	100	100
Golden Goose Korea Ltd	Seoul	KRW	8.496.080.000	Golden Goose S.p.A.	100	100
Golden Goose Switzerland Gmbh	Zurigo	CHF	100.000	Golden Goose S.p.A.	100	100
Golden Goose Austria Gmbh	Vienna	Euro	285.000	Golden Goose S.p.A.	100	100
Golden Goose Spain SL	Barcelona	Euro	3.000	Golden Goose S.p.A.	100	100
Golden Goose Belgium Sprl	Bruxelles	Euro	18.550	Golden Goose S.p.A.	100	100
Golden Goose Denmark ApS	Copenaghen	DKK	50.000	Golden Goose S.p.A.	100	100
Golden Goose Shanghai Trading Co	Shanghai	CNY	21.772.915	Golden Goose S.p.A.	100	100
Golden Goose Japan Ltd	Tokyo	JPY	7.000.000	Golden Goose S.p.A.	100	100
Golden Goose Portugal Lda	Lisbona	Euro	5.000	Golden Goose S.p.A.	100	100
Golden Goose Trading Llc	Dubai	AED	100.000	Golden Goose S.p.A.	49	49
Golden Goose Macau Ltd	Macau	MOP	100.000	Golden Goose S.p.A.	100	100
Golden Goose Taiwan Ltd	Taiwan	TWD	344.490	Golden Goose S.p.A.	100	100
Golden Goose Australia Ltd	Sidney	AUD	10.000	Golden Goose S.p.A.	100	100
Golden Goose New York LLC	New York	USD	896.110	Golden Goose USA INC	100	100
Golden Goose LA LLC	Studio City	USD	100	Golden Goose USA INC	100	100
Golden Goose Madison LLC	New York	USD	100	Golden Goose USA INC	100	100
Golden Goose Miami Llc	Miami	USD	1	Golden Goose USA INC	100	100
Golden Goose San Francisco Llc	San Francisco	USD	1	Golden Goose USA INC	100	100
Golden Goose LV Llc	Miami	USD	1	Golden Goose USA INC	100	100
Golden Goose Woodbury Llc	New York	USD	1	Golden Goose USA INC	100	100
Golden Goose SCP Llc	Miami	USD	1	Golden Goose USA INC	100	100
Golden Goose Boston Llc	Miami	USD	1	Golden Goose USA INC	100	100
Golden Goose Dallas Llc	Miami	USD	1	Golden Goose USA INC	100	100
Golden Goose Hampton Llc	New York	USD	1	Golden Goose USA INC	100	100
Golden Goose Hawaii Llc	Honolulu	USD	1	Golden Goose USA INC	100	100
Golden Goose New Jersey Llc	New Jersey	USD	1	Golden Goose USA INC	100	100
Golden Goose Nashville Llc	Miami	USD	1	Golden Goose USA INC	100	100

The equity and economic relations between the companies included in the consolidation area are eliminated. Gains and losses arising from transactions between consolidated companies that are not realized through transactions with third parties are eliminated. During the pre-consolidation, the items of exclusive tax relevance were eliminated and the related deferred taxes were set aside.

The conversion of the balance sheet of the foreign subsidiaries and associated companies was carried out using the spot exchange rate on the balance sheet date for the assets and liabilities, while the average exchange rate for the period was used for the income statement items. The net effect of translating the financial statements of the investee company into the reporting currency is recognized in the "*Translation reserve*".

6 AREA AND METHOD OF CONSOLIDATION

For the conversion of financial statements prepared in foreign currencies, the following rates have been applied:

Currency description	Spot at 31.12.19	Average 2019	Spot at 31.12.18	Average 2018	Spot at 31.12.17	Medio 2017
U.S. dollar—USD	1,1234	1,1196	1,1450	1,1810	1,1993	1,1196
Pound Sterling—GBP	0,8508	0,8773	0,8945	0,8847	0,8872	0,8762
Won South Korea—KRW....	1.296,2800	1.304,8983	1.277,9300	1.299,0700	1.279,6100	1.275,8300
HK dollar—HKD	8,7473	8,7724	8,9675	9,2559	9,3720	8,8012
Renminbi (Yuan)—CNY	7,8205	7,7339	7,8751	7,8081	n/a	n/a
Danish Krone—DKK...........	7,4715	7,4661	7,4673	7,4532	n/a	n/a
Swiss Franc—CHF...............	1,0854	1,1127	1,1269	1,1550	n/a	n/a
Japanese Yen—JPY	121,9400	122,0564	125,8500	130,3959	n/a	n/a
Arab Emirates Diram—AED	4,1257	4,1117	n/a	n/a	n/a	n/a
Pataca Macao—MOP...........	9,0097	9,0354	n/a	n/a	n/a	n/a
Taiwan dollar—TWD...........	33,7156	34,6051	n/a	n/a	n/a	n/a
Australian dollar—AUD	1,5995	1,6154	n/a	n/a	n/a	n/a

7 SUMMARY OF THE MAIN ACCOUNTING PRINCIPLES

CURRENT/ NON-CURRENT CLASSIFICATION

The assets and liabilities in the Group’s financial statements are presented according to the current / non-current classification. An activity is current when:

- it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- it is mainly held for trading;
- it is expected to be realized within twelve months after the year end date; or
- it consists of cash or cash equivalents unless it is forbidden to exchange or use it to extinguish a liability for at least twelve months from the year end date.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in its normal operating cycle;
- it is mainly held for trading;
- must be extinguished within twelve months from the end of the financial year; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the year-end date.

The contractual conditions of the liability which could, upon the option of the counterparty, lead to the extinction of the same through the issue of equity instruments do not affect their classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified among non-current assets and liabilities.

TANGIBLE AND INTANGIBLE ASSETS

Intangible assets

Intangible assets acquired separately are initially recognized at cost, while those acquired through business combinations are recognized at *fair value* on the acquisition date. After initial recognition, intangible assets are recognized at cost net of accumulated amortization and any accumulated impairment losses. Intangible assets produced internally, except for development costs, are not capitalized and are recognized in the income statement for the year in which they were incurred.

The useful life of intangible assets is assessed as either finite or indefinite.

Intangible assets with a defined useful life are amortized over their useful life and are subject to impairment testing whenever there are indications of a possible loss in value. The amortization period and the amortization method of an intangible asset with a finite useful life is reconsidered at least at each year-end. Changes in the expected useful life or in the ways in which the future economic benefits associated with the asset will be realized are recognized through the change in the period or the method of amortization, as appropriate, and are considered changes in accounting estimates. The amortization portions of intangible assets with a finite useful life are recognized in the profit / (loss) statement for the year in the cost category consistent with the function of the intangible asset.

Intangible assets with an indefinite useful life are not amortized, but are subject to annual impairment tests, both individually and at the level of the cash-generating unit. The evaluation of the indefinite useful life is reviewed annually to determine whether this attribution continues to be sustainable, otherwise, the change from indefinite useful life to defined useful life is applied on a prospective basis.

An intangible asset is eliminated at the time of its disposal (that is, the date when the purchaser obtains control of it) or when no future economic benefits are expected from its use or disposal. Any profit or loss deriving from the elimination of the asset (calculated as the difference between the net sale price and the carrying amount of the asset) is included in the income statement.

Industrial patent rights and rights to use intellectual property, licenses and concessions are amortized at an annual rate of 33%.

Trademarks: as regards the multi-year costs incurred during the registration of distinctive signs and the filing of company trademarks, amortization was carried out over 18 years; as regards the component that emerged when allocating the Group's acquisition price, the same is considered to have an indefinite useful life and therefore subjected to *impairment* tests annually.

Key Money: this item includes the amounts paid by the Group to take over the contractual positions relating to commercial properties located in prestigious locations. The *Key money* is amortized over the term of the lease, considering the possibility of renewal.

For intangible assets the amortization period is at most equal to the legal or contractual limit. If the Group plans to use the asset for a shorter period, the useful life reflects this shorter period rather than the legal or contractual limit for the purpose of calculating depreciation.

The amortization criteria adopted for the various items of intangible assets are illustrated below:

Description	**Rate %**
Brand name	indefinite useful life
Key Money	duration of the lease
licensing	33.33
Patents and Trademarks	5.56
Software programs	33.33
Other intangible assets	20.00

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at *fair value* on the acquisition date, and the amount of the minority interest in the acquiree. For each business combination, the Group defines whether to measure the minority interest in the acquiree at *fair value* or in proportion to the share of the minority interest in the identifiable net assets of the acquiree. Acquisition costs are expensed during the year and classified among general and administration expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, economic conditions and other relevant conditions existing at the acquisition date. This includes verification to determine whether an embedded derivative should be separated from the primary contract.

Any potential consideration to be recognized is recognized by the buyer at *fair value* on the acquisition date. The contingent consideration classified as equity is not subject to remeasurement and its subsequent payment is recorded through shareholders' equity. The change in the *fair value* of the potential consideration classified as an asset or liability, as a financial instrument that is the subject of IFRS 9 Financial instruments, must be recognized in the income statement in accordance with IFRS 9. The potential consideration that does not fall within the scope of the IFRS 9 is measured at *fair value* at the balance sheet date and changes in *fair value* are recognized in the income statement.

Goodwill is initially recognized at the cost represented by the excess of the total amount paid and the amount entered for minority interests compared to the identifiable net assets acquired and the liabilities assumed by the Group. If the *fair value* of the net assets acquired exceeds the amount of the consideration paid, the Group again checks whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to determine the amounts to be recognized at the acquisition date. If the *fair value* of the net assets acquired still exceeds the consideration, the difference (profit) is recognized in the income statement.

After initial recognition, goodwill is valued at cost net of accumulated impairment losses. As *impairment test*, the goodwill acquired in a business combination is allocated, from the date of acquisition, to each cash generating unit of the Group which is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to such units.

If the goodwill has been allocated to a cash-generating unit and the entity disposes part of the assets of that unit, the goodwill associated with the asset disposed of is included in the carrying amount of the asset when determining the profit or the loss of the divestment. The goodwill associated with the disposed business is determined based on the values of the disposed business and the retained part of the cash generating unit.

Tangible assets

Assets under construction are accounted at historical cost, less any accumulated impairment losses. Tangible assets are accounted at historical cost, net of accumulated depreciation and accumulated impairment losses. This cost includes the costs for the replacement of part of machinery and plant when they are incurred, if they comply with the recognition criteria. Where periodic replacement of significant parts of plant and machinery is necessary, the Group depreciates them separately based on the specific useful life. Similarly, in the event of major revisions, the cost is included in the book value of the plant or machinery as in the case of replacement, where the criterion for recognition is met. All other repair and maintenance costs are recognized in the income statement when incurred. If significant, the present value of the cost of dismantling and removing the asset at the end of its use is included in the cost of the asset, if the recognition criteria for a provision are met.

Tangible assets are accounted at the purchase cost actually incurred for the acquisition or production of the asset and are recognized when the transfer of risks and benefits takes place, which normally coincides with the transfer of the legal title. This cost includes the purchase cost, the accessory purchase costs and all costs incurred to bring the asset to the place and conditions necessary for it to operate in the manner intended by the Group. The production cost includes direct costs (direct material and labor, design costs, external supplies, etc.) and general production costs, for the portion reasonably attributable to the asset for the period of its manufacture up to the time in the asset is ready for use.

Tangible fixed assets, the use of which is limited in time, are systematically depreciated in each year in relation to their residual possibility of use and reduced by half in the year when the asset enters service. Depreciation starts from the time the asset is available and ready for use.

The depreciation amount charged to each year refers to the breakdown of the cost incurred over the entire estimated duration of use.

The residual value is not taken into account when it is considered small compared to the value to be depreciated.

The rates applied, unchanged compared to the previous year, are as follows:

Description	**Rate %**
Equipment	25.00
Automatic machinery	12.50
Office electronic machines	20.00
Various and small equipment	25.00
Furniture and furnishings	12.00
Cars	25.00
Motor vehicles	20.00

Generic plant	7.50
Commercial equipment	15.00
Specific plant	7.50
Civil buildings	3.00

Temporarily unused assets are also subject to depreciation.

Advances to suppliers for the purchase of tangible fixed assets are initially recognized on the date on which the obligation to pay these amounts arises.

If, regardless of the amortization already accounted for, the asset is impaired, the fixed asset is correspondingly written down. If in subsequent years the conditions for the write-down no longer exist, the impairment is reversed up to the carrying value the asset would have had if no impairment had originally been recognized.

The book value of an item of property, plant and machinery and any significant component initially recognized is eliminated at the time of disposal (i.e. on the date on which the buyer obtains control of it) or when no future economic benefit is expected from its use or disposal. The profit / loss arising when the asset is derecognized (calculated as the difference between the asset's net book value and the consideration received) is recognized in the income statement when the item is derecognized.

The residual values, useful lives and depreciation methods of property, plant and machinery are reviewed at the end of each year and, where appropriate, corrected prospectively.

Impairment of non-financial assets

At each balance sheet date, the Group assesses the possible existence of indicators of impairment of assets. In this case, or in cases where an annual check on the loss of value is required, the Group makes an estimate of the recoverable value. The recoverable value is the higher of the *fair value* of the asset or unit generating cash flows, net of selling costs, and its value in use. The recoverable value is determined by individual asset, except when such asset generates cash flows that are not largely independent of those generated by other assets or groups of assets. If the book value of an asset is higher than its recoverable value, this asset has suffered an impairment loss and is consequently written down to bring it back to the recoverable value.

In determining the value in use, the Group discounts estimated future cash flows to the present value using a pre-tax discount rate, which reflects the market valuations of the present value of money and the specific risks of the asset. In determining the fair value net of selling costs, recent market transactions are taken into account. If such transactions cannot be identified, an appropriate valuation model is used. These calculations are corroborated by suitable valuation multipliers and other available fair value indicators.

The Group bases its *impairment* test on more recent budgets and forecast calculations, prepared separately for each Group cash generating unit to which individual activities are allocated. These budgets and forward-looking calculations generally cover a 4-year period. A long-term growth rate is calculated to project future cash flows beyond the fifth year.

Impairment losses of assets in operation are recognized in the profit / (loss) statement for the year in consistently with the destination of the asset that highlighted the impairment.

For assets other than goodwill and other intangible assets with an indefinite useful life, at each balance sheet date, the Group assesses the possible existence of indicators of the loss (or reduction) of previously recognized impairment losses and, if such indicators exist, estimate the recoverable amount of the asset or CGU. The value of a previously written down asset can be restored only if there have been changes in the assumptions on which the calculation of the determined recoverable value was based, after the recognition of the last impairment loss. The recovery of value cannot exceed the book value which would have been determined, net of depreciation, if no loss of value had been recognized in previous years. This recovery is recognized in the profit / (loss) statement for the year unless the asset is not recognized at revalued value, in which case the recovery is treated as an increase from revaluation.

Goodwill and other intangible assets with indefinite useful life are subjected to impairment test at least annually or more frequently if circumstances indicate that the carrying value may be subject to impairment.

The impairment of goodwill is determined by evaluating the recoverable value of the cash-generating unit (or group of cash-generating units) to which the goodwill is attributable. If the recoverable amount of the cash generating unit is lower than the carrying amount of the cash generating unit to which the goodwill has been allocated, an impairment loss is recognized. The reduction in the value of goodwill cannot be reversed in future years.

Intangible assets with an indefinite useful life are subject to impairment tests at least once a year with reference, at the level of the cash-generating unit and when circumstances indicate that there may be a loss in value.

INVENTORIES

The evaluation of the various categories of goods was carried out according to the following criteria.

Raw, ancillary and consumable materials

The materials in stock are valued at the lower of the purchase cost, determined with the weighted average cost method, and the presumed net realizable value that emerges from the market trend.

Work in progress and semi-finished products

Direct costs are considered in the evaluation, according to the stage of processing achieved.

Finished products and goods

The finished products in the warehouse are valued at the lower of the weighted average production cost (which includes the direct cost of materials and labor plus a share of the general production costs, based on normal production capacity, excluding financial charges) and the presumed net realizable value that emerges from market trends.

The goods are valued at the lower of the purchase cost, determined using the weighted average cost method of the year, and the presumed net realizable value that emerges from the market trend.

The market value is represented, as regards raw materials and products in progress, by the presumed net realizable value of the corresponding finished products less the completion costs, as regards the finished products by the presumed net realizable value.

The products considered obsolete, based on the age, the frequency of rotation, the possibility of use or realization are adjusted by the depreciation fund.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents and short-term deposits include cash on hand and sight and short-term deposits, highly liquid deposits with a maturity of three months or less, which are readily convertible into a given amount of money and subject to a risk that is not significant changes in value.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are made when the Group has a present obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made in the amount of the obligation. When the Group believes that a provision for risks and charges will be partially or fully reimbursed, for example in the case of risks covered by insurance policies, the compensation is recognized separately and separately in the assets if, and only if, it is virtually certain. In this case, the cost of any provision is presented in the profit / (loss) statement for the year net of the amount recognized for the reimbursement.

If the effect of the value of money over time is significant, the provisions are discounted using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When the liability is discounted, the increase in the provision due to the passage of time is recognized as a financial charge.

PROVISIONS FOR SEVERANCE INDEMNITIES

The benefits paid to employees at or after the termination of the employment relationship are divided according to the economic nature into defined contribution plans and defined benefit plans. In defined contribution plans, the legal or implicit obligation of the company is limited to the amount of contributions to be paid. In defined benefit plans, the company's obligation is to grant and insure the agreed benefits to employees: consequently, the actuarial and investment risks fall on the company.

Until December 31, 2006, the severance indemnity fell within the scope of the plans following the employment relationship of the "defined benefit plans" type and was measured using the projected unit credit method carried out by independent actuaries. This calculation consists in estimating the amount of benefit that an employee will receive on the presumed termination date of employment using demographic assumptions (e.g. mortality rate and staff turnover rate) and financial assumptions (e.g. discount rate and increases future wages). The amount thus determined is discounted and re-proportioned based on the seniority accrued with respect to the total seniority.

Following the reform introduced with Law no. 296 of 27 December 2006, the provision for severance indemnities for the part matured from 1 ° January 2007, is substantially similar to the "defined contribution plan." In particular, these modifications introduced the possibility of the worker to choose the destination of his provisions for severance indemnities maturing: the new provision flows can be, in companies with more than 50 employees, addressed by the worker to selected pension schemes or transferred to the Treasury Fund at INPS.

With regard to the presentation in the income statement of the various cost components relating to the employee leaving indemnity, it was decided to apply the accounting method allowed by IAS 19 which requires the separate recognition in the income statement of the cost components related to the work performance (classified under the cost labor costs) and net financial charges (classified within the financial area), and the recognition of actuarial gains and losses that derive from the measurement in each financial year of the liability and asset among the components of the comprehensive income statement. The profit or loss deriving from the actuarial calculation of the defined benefit plans (provision for severance indemnity) is fully recognized in the comprehensive income statement.

SHARE-BASED PAYMENTS

Group employees (including managers) receive part of the remuneration in the form of share-based payments, therefore employees provide services in exchange for shares.

The cost of transactions settled with equity instruments is determined by the fair value on the date the assignment is made using an appropriate valuation method, as explained in more detail in Note 22.1.

This cost, together with the corresponding increase in shareholders' equity, is recognized among personnel costs over the period in which the conditions relating to the achievement of objectives and / or the provision of the service are met. The cumulative costs recognized for these transactions at the end of each financial year up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually accrue. The cost or income in the profit / (loss) statement for the year represents the change in the accumulated cost recognized at the beginning and end of the year.

The conditions of service or performance are not taken into consideration when the fair value of the plan is defined at the assignment date. However, account is taken of the probability that these conditions will be met in defining the best estimate of the number of equity instruments that will mature. Market conditions are reflected in the *fair value* on the assignment date. Any other condition linked to the plan, which does not lead to a service obligation, is not considered as a vesting condition. The non-vesting conditions are reflected in the *fair value* of the plan and involve the immediate accounting of the cost of the plan, unless there are also service or performance conditions.

No cost is recognized for rights that do not accrue as the *performance* and / or service conditions are not met. When the rights include a market condition or a non-vesting condition, these are treated as if they had matured regardless of whether the market conditions or the other non-vesting conditions to which they are subject are respected or not, provided that all the other performance and / or service conditions must be met.

If the conditions of the plan are changed, the minimum cost to be recognized is the *fair value* at the assignment date in the absence of the plan change, on the assumption that the original conditions of the plan are met. In addition, there is a cost for each change that involves an increase in the total *fair value* of the payment plan, or which is in any case favorable for employees; this cost is valued with reference to the modification date. When a plan is canceled by the entity or the counterparty, any remaining element of the plan's *fair value* is expensed immediately in the income statement.

RIGHTS OF USE

The Group assesses when signing a contract if it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period in exchange for a payment.

Except for contracts involving low unit value assets, all financial lease and rental contracts are capitalized in the "Right of use" item from the commencement date of the contract to the value of the liability, reduced by any incentives received and increased for any initial direct costs incurred and the estimate of restoration costs. A liability equal to the present value of the fixed payments over the duration of the contract as well as the payments for any purchase options for which the exercise is reasonably certain and any penalties for terminating the contract, where the duration of the contract, is entered in the liabilities. take this into account. The duration of the contract considers the period not cancellable as well as the extension options in the event of reasonable certainty of exercise of the same and the periods covered by the option to terminate the contract where there is reasonable certainty not to exercise the withdrawal. In calculating the present value of the payments due, the Group uses the marginal financing rate at the commencement date if the implicit interest rate cannot be easily determined.

The liability is progressively reduced based on the repayment plan of the portions of capital included in the lease payments. The installments are divided between the principal portion and the interest portion, in order to obtain the application of a constant interest rate on the residual balance of the debt (principal portion). Financial charges are charged to the income statement. Variable leasing payments that do not depend on an index or rate are recognized as costs in the period (unless they have been incurred for the production of inventories) in which the event or condition that generated the payment occurs.

The right of use is amortized by applying the criterion indicated for tangible fixed assets over the duration of the contract, or on the basis of the rates indicated for tangible fixed assets if the exercise of any purchase option is reasonably certain. Depreciation and interest are shown separately. The right of use activities is subject to impairment.

For lease and rental contracts in which there is no purchase option and involving low unit value goods, the payments of the related charges are recognized as costs in the income statement on a straight-line basis over the duration of the contract.

7 SUMMARY OF THE MAIN ACCOUNTING PRINCIPLES

FINANCIAL INSTRUMENTS—RECOGNITION AND EVALUATION

A financial instrument is any contract that gives rise to a financial asset for an entity and to a financial liability or equity instrument for another entity.

Financial activities

Initial detection and evaluation

At the time of initial recognition, financial assets are classified, according to the cases, according to the subsequent measurement methods, that is, the amortized cost, the fair value recognized in the OCI comprehensive income statement and the *fair value* recognized in the income statement.

The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model that the Group uses for their management. Apart from trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially assesses a financial asset at its *fair value* plus, in the case of a financial asset not at *fair value* recognized in the income statement, the transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are valued at the transaction price as illustrated in the paragraph Revenue recognition.

In order for a financial asset to be classified and valued at the amortized cost or at the *fair value* recorded in OCI, it must generate cash flows that depend only on the principal and interest on the amount of principal to be repaid (so-called '*solely payments of principal and interest* (SPPI)'). This assessment is referred as an SPPI test and is performed at the instrument level. Financial assets whose cash flows do not meet the above requirements (SPPI) are classified and measured at fair value through profit or loss.

The Group's business model for managing financial assets refers to the way in which it manages its financial activities in order to generate financial flows. The business model determines whether the cash flows will derive from the collection of contractual cash flows, from the sale of the financial assets or from both.

Financial assets classified and measured at amortized cost are owned within the framework of a business model whose objective is the possession of financial assets aimed at collecting contractual cash flows while financial assets that are classified and measured at *fair value* recognized in OCI are owned within the framework of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets.

The purchase or sale of a financial asset that requires its delivery within a period of time generally established by regulation or market conventions (so-called standardized sale or regular way trade) is recognized on the trade date, i.e. the date on which the Group undertook to buy or sell the asset.

Subsequent evaluation

For the purpose of subsequent evaluation, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at *fair value* through the comprehensive income statement with reclassification of accumulated profits and losses (debt instruments);
- Financial assets at *fair value* through the comprehensive income statement without reversing the accumulated profits and losses at the time of elimination (equity instruments);
- Financial assets at *fair value* through profit or loss.

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently valued using the effective interest criterion and are subject to impairment. Gains and losses are recognized in the income statement when the asset is eliminated, modified or revalued.

Financial assets at amortized cost of the Group include trade receivables and certain loans to directors and managers included in other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

For assets from debt instruments measured at *fair value* through OCI, interest income, changes due to exchange differences and impairment losses, together with write-backs, are recognized in the income statement and are calculated in the same way as the financial assets measured at amortized cost. The remaining changes in *fair value* are recognized in OCI. At the time of elimination, the cumulative change in fair value recognized in OCI is reclassified in the income statement.

At the balance sheet date and in the comparative periods shown, the Group had no activities included in this category.

Investments in equity instruments

Upon initial recognition, the Group may irrevocably choose to classify its equity investments as equity instruments recognized at *fair value* issued in OCI when they meet the definition of equity instruments pursuant to IAS 32 "Financial instruments: Presentation" and are not held for trading. Classification is determined for each individual instrument.

The profits and losses achieved on these financial assets are never transferred to the income statement. Dividends are recognized as other income in the income statement when the right to payment has been approved, except when the Group benefits from such income as a recovery of part of the cost of the financial asset, in which case such profits are recognized in OCI. Equity instruments recognized at *fair value* through OCI are not subject to an impairment test.

At the balance sheet date and in the comparative periods shown, the Group had no activities included in this category.

Financial assets at fair value through profit or loss

Financial instruments at *fair value* with changes recognized in the income statement are entered in the statement of financial position at *fair value* and net changes in *fair value* recognized in the profit / (loss) statement for the year.

This category includes derivative instruments which have not been classified as hedging instruments.

The embedded derivative contained in a hybrid non-derivative contract, in a financial liability or in a main non-financial contract, is separated from the main contract and accounted for as a separate derivative, if: its economic characteristics and the risks associated with it are not strictly correlated to those of the main contract; a separate instrument with the same terms as the embedded derivative would satisfy the definition of a derivative; and the hybrid contract is not measured at *fair value* through profit or loss. Embedded derivatives are measured at *fair value,* with the changes in *fair value* recognized in the income statement. A recalculation takes place only if there is a change in the terms of the contract that significantly changes the cash flows otherwise expected or a reclassification of a financial asset to a category other than the *fair value* in the income statement.

Cancellation

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is canceled in the first place (e.g. removed from the statement of financial position of the Group) when:

- the rights to receive cash flows from the asset are extinguished, or
- the Group has transferred the right to receive cash flows from the asset to a third party or has assumed a contractual obligation to pay them in full and without delay and (a) has substantially transferred all the risks and rewards of ownership of the financial asset, or (b) has not transferred or substantially retained all the risks and rewards of the asset, but has transferred control of it.

In cases where the Group has transferred the rights to receive cash flows from an asset or has signed an agreement under which it maintains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the financial flows to one or more beneficiaries (*pass- through*), it assesses whether and to what extent it has retained the risks and benefits inherent in possession. If it has neither transferred nor substantially retained all the risks and benefits or has not lost control over it, the activity continues to be recognized in the Group's financial statements to the extent of its residual involvement in the activity itself. In this case, the Group also recognizes an associated liability.

The transferred asset and the associated liability are valued to reflect the rights and obligations that remain the Group's responsibility.

When the entity's residual involvement is a guarantee on the transferred asset, involvement is measured on the basis of the lesser of the amount of the asset and the maximum amount of the consideration received that the entity may have to repay.

Impairment losses

The Group recognizes an *expected credit loss* 'ECL' for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include the cash flows deriving from the enforcement of the collateral held or other credit guarantees which are an integral part of the contractual conditions.

The expected loss is detected you in two phases. With regard to credit exposures for which there has not been a significant increase in credit risk since the initial recognition, it is necessary to recognize the credit losses that derive from the estimate of *default* events that are possible within the following 12 months (12-month ECL). For credit exposures for which there has been a significant increase in credit risk since initial recognition, the expected losses that refer to the residual duration of the exposure must be recognized in full, regardless of when the default event is expected that occurs ("*Lifetime* ECL").

For trade receivables and contract activities, the Group applies a simplified approach in calculating expected losses. Therefore, the Group does not monitor changes in credit risk, but fully recognizes the expected loss at each reference date. The Group has defined a matrix system based on historical information, revised to consider prospective elements with reference to the specific types of debtors and their economic environment, as a tool for determining expected losses.

For assets represented by debt instruments measured at *fair value* through OCI, the Group applies the simplified approach allowed for low credit risk assets. At each balance sheet date, the Group assesses whether the debt instrument is deemed to have low credit risk using all available information that can be obtained without excessive costs or efforts. In making this assessment, the Group monitors the creditworthiness of the debt instrument. In addition, the Group assumes that there has been a significant increase in credit risk when contractual payments have expired for over 30 days.

The Group considers a financial asset in default when contractual payments have expired for 90 days. In some cases, the Group may also consider that a financial asset is in default when internal or external information indicates that the Group is unlikely to recover the contractual amounts entirely before considering the credit guarantees held by the Group. A financial asset is eliminated when there is no reasonable expectation of recovery of the contractual cash flows.

Financial liabilities

Initial detection and evaluation

Financial liabilities are classified upon initial recognition, as financial liabilities at *fair value* through profit or loss, including mortgages and loans, or between the derivatives designated as hedging instruments.

All financial liabilities are initially recognized at *fair value to* which are added, in the case of mortgages, loans and payables, the transaction costs directly attributable to them.

The Group's financial liabilities include trade and other payables, mortgages and loans, including bank overdrafts and financial derivative instruments.

Subsequent evaluation

For the purposes of subsequent evaluation, financial liabilities are classified into two categories:

- Financial liabilities at *fair value* through profit or loss
- Financial liabilities at amortized cost (loans and loans)

Financial liabilities at fair value through profit or loss

Financial liabilities at *fair value* with changes recognized in the income statement include liabilities held for trading and financial liabilities initially recognized at *fair value* with changes recognized in the income statement.

Liabilities held for trading are all those assumed with the intention of extinguishing or transferring them in the short term. This category also includes the derivative financial instruments subscribed by the Group which are not designated as hedging instruments in a hedging relationship defined by IFRS 9. The embedded derivatives, separated from the main contract, are classified as financial instruments held for trading unless are designated as effective hedging instruments.

Financial liabilities at amortized cost (loans)

This is the most relevant category for the Group. After initial recognition, the loans are valued with the amortized cost criterion using the effective interest rate method. Gains and losses are recognized in the income statement when the liability is extinguished, as well as through the amortization process.

The amortized cost is calculated by recording the discount or premium on the acquisition and the fees or costs that form an integral part of the effective interest rate. Amortization at the effective interest rate is included in the financial charges in the profit / (loss) statement.

This category generally includes interest-bearing loans and interest-bearing loans.

Cancellation

A financial liability is canceled when the obligation underlying the liability is extinguished, canceled or fulfilled. If an existing financial liability is replaced by another of the same lender, at substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is treated as an accounting cancellation of the original liability, accompanied by the recognition of a new liability, with recognition of any differences between book values in the profit / (loss) statement for the year.

Offsetting financial instruments

A financial asset and liability can be offset, and the net balance shown in the statement of financial position, if there is a current legal right to offset the amounts recognized in the accounts and there is an intention to pay off the net residual or realize the assets and simultaneously extinguish the liability.

DIVIDENDS

The Parent Company recognizes a liability against the payment of a dividend when the distribution is properly authorized and is no longer at the discretion of the company. Under company law applicable in Italy, a distribution is authorized when it is approved by the shareholders. The corresponding amount is recognized directly in equity.

REVENUE RECOGNITION

The Group is engaged in the production, distribution and sale of men' and women' footwear, clothing and accessories in the *fashion luxury* market.

Revenues from contracts with customers are recognized when control of the goods and services is transferred to the customer for an amount that reflects the consideration that the Group expects to receive in exchange for these goods or services. The Group generally concluded that it acts as Principal for most of the agreements that generate revenues.

Revenues from the sale of products are recognized when the control of the asset passes to the customer, which for wholesale sales generally coincides with shipping, while for retail sales it is contextual to the delivery of the asset. The usual terms of commercial extension go on average from 30 to 60 days from shipment, see note 14.4.1.4 for further details.

The Group considers whether there are other promises in the contract that represent *performance obligations* on which a part of the consideration of the transaction must be allocated. In determining the price of the sales transaction, the Group considers the effects deriving from the presence of variable consideration, significant financing components, non-monetary considerations and considerations to be paid to the customer (if any).

If the consideration promised in the contract includes a variable amount, the Group estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the goods to the customer.

The variable consideration is estimated at the time of signing the contract and it is not possible to recognize it until it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, a significant decrease adjustment to the amount of the cumulative revenues that have been accounted for. Some wholesale contracts provide the customer with a right to return the goods within a certain period of time. As regards the right of return, the Group uses the expected value method to estimate the variable consideration in the presence of a large number of contracts that have similar characteristics. The Group therefore applies the requirements on binding estimates of the variable consideration in order to determine the amount of the variable consideration that can be included in the transaction price and recognized as revenue. The right to return an activity (and the corresponding adjustment of the cost of sales) is also recognized for the right to receive the goods from the customer. The right of return activity represents the right of the Group to recover the goods that are expected to be returned by customers. The asset is valued at the previous book value of inventories net of any recovery costs, including possible reduction in the value of the returned products. The Group periodically updates the estimate with reference to the expected amount of returns from customers, as well as any further reductions in value of the returned products. The refund liability represents the obligation to repay part or all of the consideration received (or to be received) from the customer and is assessed on the basis of the value that the Group expects to have to return to the customer. The Group updates its estimates of repayment liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

A receivable is recognized when the consideration is due unconditionally by the customer (i.e., it is only necessary for the time to elapse before payment of the consideration is obtained). Please refer to the paragraph Financial instruments—initial recognition and subsequent evaluation.

The contractual liability is an obligation to transfer to the customer goods or services for which the Group has already received the consideration (or for which a portion of the consideration is due). The contractual liability is recognized if the payment has been received or the payment is due (whichever comes first) by the customer before the Group has transferred control of the goods or services to him. Liabilities deriving from the contract are recognized as revenues when the Group satisfies the performance obligation in the related contract (i.e. control of the goods or services has been transferred to the customer).

INCOME TAXES

Current taxes

Current tax assets and liabilities for the year are recognized for the amount expected to be recovered or paid to the tax authorities. The rates and tax legislation used to calculate the amount are those issued, or substantially in force, at the balance sheet date in the countries where the Group operates and generates its taxable income.

Current taxes relating to items recognized directly in equity are also recognized in equity and not in the statement of profit / (loss) for the year. The Management periodically evaluates the position taken in the tax return in cases where the tax rules are subject to interpretation and, where appropriate, accrues a provision.

Direct taxes for the year are recorded based on the estimate of taxable income, in accordance with the provisions of the law and the rates in force, taking into account any applicable exemptions. The tax payable is recognized in the item Tax payables net of advances paid, withholdings and tax receivables.

Deferred taxes

Deferred taxes are calculated by applying the so-called "*liability method"* to the temporary differences at the balance sheet date between the tax values of the assets and liabilities and the corresponding balance sheet values.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not affect the balance sheet result or the tax result;

- the reversal of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures can be controlled, and it is likely that it will not occur in the foreseeable future.

Deferred tax assets are recognized against all deductible temporary differences, unused tax credits and losses that can be carried forward, to the extent that it is probable that enough future taxable income will be available, which could allow the use of the differences, temporary deductible and tax credits and losses carried forward, except in cases where:

- the deferred tax asset connected to the deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not affect the balance sheet result, nor the tax result;

- in the case of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognized only to the extent that it is probable that they will be reversed in the foreseeable future and that there will be enough taxable income that will allow the recovery of such temporary differences.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that enough taxable income will be available in the future to allow the use of this credit in whole or in part. Deferred tax assets not recognized are reviewed at each balance sheet date and are recognized to the extent that it becomes probable that the taxable income will be enough to allow the recovery of these deferred tax assets.

Deferred tax assets and liabilities are measured on the basis of the tax rates expected to be applied in the year in which these assets will be realized, or these liabilities will be extinguished, considering the rates in force and those already issued, or substantially in force, on the date budget.

Deferred taxes relating to items recognized outside the income statement are also recognized outside the income statement and, therefore, in shareholders' equity or in the comprehensive income statement, consistently with the element to which they refer.

Tax benefits acquired after a business combination, but which do not meet the criteria for separate recognition on the acquisition date, are eventually recognized subsequently, when new information is obtained on changes in facts and circumstances. The adjustment is recognized as a reduction in goodwill (up to the value of the goodwill), if it is recognized during the measurement period, or in the income statement, if recognized later.

The Group compensates deferred tax assets and deferred tax liabilities if and only if there is a legal right that allows to offset current tax assets and current tax liabilities and deferred tax assets and liabilities refer to income taxes due to the same tax authority by the same person taxpayer or from different taxpayers who intend to pay the current tax assets and liabilities on a net basis or to realize the asset and pay the liability simultaneously, with reference to each future period in which the deferred tax assets and liabilities are expected to be paid or recover.

Indirect taxes

Costs, revenues, assets and liabilities are recognized net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognized as part of the purchase cost of the asset or part of the cost recognized in the income statement;

- trade receivables and payables include the applicable indirect tax.

The net amount of indirect taxes to be recovered or paid to the tax authorities is included in the balance sheet under receivables or payables.

FOREIGN CURRENCIES

The consolidated financial statements are presented in euros which is the functional and presentation currency adopted by the parent company. Each Group company defines its own functional currency, which is used to measure the items included in the individual financial statements. The Group uses the direct consolidation method; the profit or loss reclassified in the income statement at the time of the sale of a foreign subsidiary represents the amount that emerges from the use of this method.

Operations and balances

Foreign currency transactions are initially recognized in the functional currency, applying the spot exchange rate on the date of the transaction.

Monetary assets and liabilities, denominated in foreign currency, are converted into the functional currency at the exchange rate at the balance sheet date.

The exchange differences realized or those deriving from the conversion of monetary items are recognized in the income statement, with the exception of the monetary elements which form part of the hedging of a net investment in a foreign operation. These differences are recognized in the comprehensive income statement up to the disposal of the net investment, and only then is the overall amount reclassified in the income statement. Taxes attributable to exchange rate differences on those monetary elements are also recognized in the statement of comprehensive income.

Non-monetary items valued at historical cost in foreign currency are converted at the exchange rates on the date of initial recognition of the transaction. Non-monetary items recognized at *fair value* in foreign currency are converted at the exchange rate on the date of determination of this value. The profit or loss that emerges from the conversion of non-monetary items is treated consistently with the recognition of the profits and losses relating to the change in the *fair value* of the aforementioned items (i.e. the translation differences on the items whose change in the *fair value* is recognized in the comprehensive income statement or in the income statement are recognized in the overall income statement or in the income statement, respectively).

In determining the spot exchange rate to be used at the time of initial recognition of the related asset, cost or revenue (or part of it) upon cancellation of a non-monetary asset or non-monetary liability relating to the advance payment, the date the transaction is the date on which the Group initially recognizes the non-monetary asset or the non-monetary liability resulting from the advance payment. If there are multiple payments or advances, the Group determines the transaction date for each payment or advance.

Group company

At the balance sheet date, the assets and liabilities of the Group companies are converted into Euro at the exchange rate on that date, revenues and costs of each statement of comprehensive income or separate income statement presented are converted at the exchange rates on the date of the transactions. The exchange differences arising from the conversion are recognized in the statement of comprehensive income. Upon the disposal of a foreign operation, the part of the comprehensive income statement referring to this foreign management is reclassified to the profit and loss statement.

The goodwill deriving from the acquisition of a foreign operation and the adjustments to the *fair value* of the book values of assets and liabilities deriving from the acquisition of that foreign management, are accounted for as assets and liabilities of the foreign operation and therefore are expressed in the functional currency of the foreign operations and converted at the year-end exchange rate.

DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

Initial recording and subsequent evaluation

The Group uses derivative financial instruments including: forward currency contracts, interest rate *swaps* and forward contracts to hedge their currency exchange rate risks nd interest rate risks. These derivative financial instruments are initially recorded at *fair value* on the date on which the derivative contract is signed and, subsequently, they are measured again at *fair value*. Derivatives are accounted for as financial assets when the *fair value* is positive and as financial liabilities when the *fair value* is negative.

For *hedge accounting purposes,* hedges are of three types:

- *fair value* hedge in the event of hedging the exposure against changes in the *fair value* of the recognized asset or liability or irrevocable commitment not entered;
- *cash flow* hedge in the event of hedging the exposure against the variability of the cash flows attributable to a particular risk associated with all the assets or liabilities recognized or to a highly probable planned transaction or the risk of foreign currency on an irrevocable commitment not entered;
- hedging a net investment in a foreign operation.

At the start of a hedging transaction, the Group formally designates and documents the hedging relationship, to which it intends to apply *hedge accounting*, its objectives in risk management and the strategy pursued.

The documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk and the ways in which the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of the sources of ineffectiveness of the coverage and how the coverage ratio is determined). The hedging relationship meets the eligibility criteria for hedge accounting if it meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not prevail over the changes in value resulting from the aforementioned economic relationship;

- the hedging ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and from the quantity of the hedging instrument that the Group actually uses to hedge this quantity of hedged item.

Transactions that meet all the qualifying criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the *fair value* of hedging derivatives is recognized in the profit / (loss) statement for the year among other costs. The change in the *fair value* of the hedged item attributable to the hedged risk is recognized as part of the carrying amount of the hedged item and is also recognized in the statement of profit / (loss) for the year in other costs.

As regards *fair value* hedges referring to elements accounted for according to the amortized cost criterion, each adjustment of the book value is amortized in the profit / (loss) statement for the period along the residual period of the hedge using the interest rate method. effective interest (TIE). The amortization thus determined can begin as soon as an adjustment exists but cannot extend beyond the date on which the hedged item ceases to be adjusted due to the changes in *fair value* attributable to the hedged risk.

If the hedged item is derecognized, the unamortized *fair value* is immediately recognized in the profit / (loss) statement for the year.

When an irrevocable unrecorded commitment is designated as a hedged item, subsequent cumulative changes in its *fair value* attributable to the hedged risk are accounted for as assets or liabilities and the corresponding profits or losses recognized in the profit / (loss) statement for the year.

Cash flow hedging

The portion of profit or loss on the hedged instrument, relating to the effective hedging part, is recognized in the statement of other components of the comprehensive income statement in the *cash flow hedge* reserve, while the non-effective part is recognized directly in the profit statement / (loss) for the year. The cash flow hedge reserve is adjusted to the lesser of the cumulative gain or loss on the hedging instrument and the cumulative change in the *fair value* of the hedged item.

The Group uses forward currency contracts to hedge its exposure to exchange rate risk relating to both expected transactions and already established commitments. The ineffective part of the forward currency contracts is recognized among Selling and distribution expenses. Please refer to Note 14 for further details.

The Group only designates the spot component of forward contracts as a hedging instrument. The *forward* component is cumulatively recognized in OCI in a separate item.

The amounts accumulated among other components of comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently involves the recognition of a non-financial component, the amount accumulated in equity is removed from the separate component of equity and included in the cost or other carrying amount of the hedged asset or liability. This is not considered a reclassification of the items recognized in OCI for the period. This also applies in the case of a scheduled hedged transaction of a non-financial asset or a non-financial liability which subsequently becomes an irrevocable commitment to which the accounting of *fair value* hedging transactions is applied.

For any other cash flow hedge, the amount accumulated in OCI is reclassified in the income statement as a reclassification adjustment in the same period or in the periods during which the hedged cash flows impact the income statement.

If cash flow hedge accounting is interrupted, the amount accumulated in OCI must remain that amount if it is expected that future cash flow hedges will occur. Otherwise, the amount must be immediately reclassified in the profit / (loss) for the year as a reclassification adjustment. After suspension, once the hedged cash flow occurs, any remaining accumulated amount in OCI must be accounted for according to the nature of the underlying transaction as previously described.

Hedging a net investment in a foreign operation

The hedges of a net investment in a foreign operation, including the hedges of a monetary item accounted for as part of a net investment, are accounted for in a similar way to the cash flow hedges. The gains or losses of the hedging instrument are recorded among the other components of the comprehensive income statement for the effective part of the hedge, while the remaining (non-effective) part is recognized in the profit / (loss) statement for the year. Upon disposal of the foreign business, the cumulative value of these total profits or losses is transferred to the profit / (loss) statement for the year.

Fair value determination

The Group evaluates financial instruments such as derivatives at *fair value* at each balance sheet date.

The *fair value* is the price that you would receive for the sale of an asset, or that would be paid to transfer a liability in a regular transaction between market participants at the measurement date. A *fair value* measurement assumes that the sale of the asset or the transfer of the liability takes place:

- in the main market of the asset or liability; or

- in the absence of a main market, in the most advantageous market for the asset or liability.

The main market or the most advantageous market must be accessible for the Group.

The *fair value* of an asset or liability is measured by adopting the assumptions that market operators would use in determining the price of the asset or liability, assuming that they act to best satisfy their economic interest.

An assessment of the *fair value* of a non-financial asset considers the ability of a market operator to generate economic benefits by using the asset in its maximum and best use or by selling it to another market operator who would use it in its maximum and best use.

The Group uses valuation techniques that are suitable for the circumstances and for which there is sufficient data available to measure *fair value*, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All the assets and liabilities for which the *fair value* is valued or shown in the financial statements are categorized according to the *fair value* hierarchy, as described below:

- Level 1—prices quoted (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date;

- Level 2—Inputs other than the listed prices included in Level 1, observable directly or indirectly for the asset or liability;

- Level 3—valuation techniques for which the input data are not observable for the asset or liability.

The *fair value* measurement is classified entirely in the same level of the *fair value* hierarchy in which the lowest level hierarchy input used for the measurement is classified.

For the assets and liabilities recognized in the financial statements at *fair value* on a recurring basis, the Group determines whether transfers have occurred between the levels of the hierarchy by reviewing the categorization (based on the lowest level input, which is significant for the purposes of *fair* evaluation *value* in its entirety) at each balance sheet date.

The Group Financial Management determines the criteria and procedures for measuring *fair value*.

7 Summary of the main accounting principles

External experts are involved in the evaluation of significant assets and liabilities. The selection criteria include knowledge of the market, reputation, independence and compliance with professional standards.

At each balance sheet date, the Group's Financial Department analyzes the changes in the values of assets and liabilities for which, based on the Group's accounting principles, remeasurement or re-assessment is required.

For this analysis, the main inputs applied in the most recent valuation are verified, linking the information used in the valuation to contracts and other relevant documents.

The Group's Financial Management makes a comparison between each change in the *fair value* of each asset and liability and the relevant external sources, in order to determine whether the change is reasonable.

For the purposes of disclosure relating to *fair value*, the Group determines the classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the *fair value* hierarchy as previously illustrated.

8 Accounting standards and interpretations with application from 1 January 2020

The principles and interpretations which, at the date of preparation of the Group's consolidated financial statements, had already been issued but were not yet in force, are illustrated below. The Group intends to adopt these principles and interpretations, if applicable, when they come into force.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued changes to the definition of a business in IFRS 3 Definition of a Business to support entities in determining whether a set of acquired assets and assets constitutes a business or not. The amendments clarify the minimum requirements for having a business, remove the assessment of the possibility of market operators to replace any missing elements, add guidance to support entities in assessing whether an acquired process is substantial, restrict the definitions of business and output, and introduce an optional test on the concentration of fair value. New illustrative examples have been published together with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on the first application date or later, the group is not affected by these changes on the first application date.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*, to align the definition of "material" in the standards and to clarify certain aspects of the definition. The new definition indicates that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

Changes to the definition of material are not expected to have a significant impact on the group's consolidated financial statements.

9 Significant estimates and assumptions

Impairment of non-financial assets

At each balance sheet date, the Group checks whether there are indicators of impairment in value for all non-financial assets that require an impairment test; in any case, at least annually, goodwill and intangible assets with an indefinite useful life are subjected to impairment tests. If the asset is impaired, the book value is aligned with the recoverable amount. An impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the greater of its fair value less costs to sell and its value in use. The fair value less selling costs is the amount obtainable from the sale of an asset or a cash-generating unit in a free transaction between knowledgeable and willing parties, less the costs of the disposal. The calculation of the value in use is based on a model of discounting of cash flows. Cash flows are derived from the budget of the following 4 years and do not include restructuring activities for which the Group has not yet committed or significant future investments which will increase the results of the activity included in the cash flow generating unit subject to rating. The recoverable amount depends significantly on the discount rate used in the discounting model of the cash flows, as well as on the cash flows expected in the future and on the growth rate used for the extrapolation. The key assumptions used to determine the recoverable amount for the various cash flow generating units are described in detail in Note 11.

Stock option plans

Equity incentive plans, recognized in accordance with IFRS 2, require the determination of the fair value of the instruments assigned to employees, determined according to valuation techniques based on the economic-financial projections of the plan, as well as on assumptions about discount rates. For more information on this item, see the Note 22.

Lease—Estimate of the incremental borrowing rate

The Group cannot easily determine the implicit interest rate of most rental contracts and therefore uses the incremental borrowing rate (IBR) to measure the lease liability. The incremental borrowing rate is the interest rate that the lessee should pay for a loan, with a duration and with a similar security, necessary to obtain an asset of similar value to the asset consisting of the right of use in a similar economic context. The IBR therefore reflects the rate that the Group would have to pay, and this requires the company to estimate when data are not observable or when rates need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable data (such as market interest rates), if available, and making entity-specific estimates on credit ratings.

Significant judgment in determining the lease term of contracts that contain an extension option

The Group determines the duration of the lease as the non-cancellable period of the lease to which must be added both the periods covered by the lease extension option, if there is reasonable certainty to exercise this option, and the periods covered by the lease option termination of the lease if there is reasonable certainty not to exercise this option. The Group has the possibility, for some of its leases, to extend the lease for a further period mostly between three to five years. The Group applies its judgment in assessing whether there is reasonable certainty to exercise the renewal. Having said that, the Group considers all the factors identified that may entail an economic incentive to exercise the renewal. After the commencement date, the Group re-evaluates the duration of the lease in the event that a significant event or significant change occurs in circumstances that are under its control and which may affect the ability to exercise (or not to exercise) the renewal option (for example, a change in business strategy). The Group included the renewal period as part of the duration of the property rents given the significance of these activities in its operations. These leases have a relatively short non-cancellable period (three to six years), and in the case of replacement of assets not immediately available, there will be a significantly negative effect on the Group’s operations. The renewal options for vehicle leases have not been included in the determination of the duration of the lease, as the Group has a leasing policy for vehicles for a period not exceeding five years and therefore will not exercise any renewal option.

Application of the amortized cost method

Financial instruments measured using the amortized cost method require that the Group periodically review its estimates of future cash flows, for example in the event that a loan is expected to be repaid earlier than the due date. This revision of the estimate involves the recalculation of the book value of the financial instrument based on the discounted cash flows redetermined using the effective interest rate calculated on initial recognition. The difference that arises from the change in the value of the liability due to the revision of the estimate is recognized in the profit and loss of the year.

Deferred tax assets

Deferred tax assets are recognized in accordance with IAS 12. A discretionary assessment is required from the Directors to determine the amount of deferred tax assets that can be accounted for. They must estimate the probable temporal manifestation and the amount of future tax profits, as well as a planning strategy for future taxes. The carrying amount of deferred tax assets is provided in note n. 37.

Provisions for provisions for risks and charges

The Directors make estimates for the evaluation of risks and charges. In particular, the Directors made use of estimates and assumptions in determining the degree of probability of occurrence of an effective liability and, in the event that the risk was assessed as probable, in determining the amount to be set aside for the identified risks.

Revenue recognition—Estimate of the variable fee for returns

The Group has developed a statistical model for forecasting returns on sales. The model uses the historical return data by season in order to quantify the expected return percentages. These percentages are then applied to determine the expected value of the variable consideration. Any significant change compared to the historical model will affect the expected return percentages estimated by the Group.

Employee benefits

The book value of the defined benefit plans in the financial statements is determined using actuarial valuations, which require the development of assumptions about the discount rates, the expected rate of return on loans, future salary increases, mortality rates and the future increase in pensions. The Group believes that the rates estimated by the actuaries for the valuations at the year-end date are reasonable, but it cannot be excluded that future significant changes in rates may have significant effects on the liability recorded in the financial statements. Further details are provided in Note n. 23.

Write-down provision

The value of inventories is adjusted for the risks associated with the slow turnover of some types of raw materials and consumables.

Allowance for doubtful accounts

The allowance for doubtful accounts reflects the estimate of Expected Credit Loss over the entire life of the trade receivables recorded in the financial statements and not covered by any credit insurance. This estimate considers the historical information available to the Group and the expectations on future economic conditions.

The matrix is based initially on the Group's observed historical default rates. The Group will calibrate the matrix to refine the historical data on credit losses with forecast elements. For example, if the expected economic conditions (e.g. gross domestic product) are expected to deteriorate the following year, this may lead to an increase in the number of defaults in a given geographic market, historical default rates are therefore adjusted. At each reporting date, historical default rates are updated and changes in estimates on forecast items are analyzed.

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in the circumstances and expected economic conditions. The historical experience of the Group's credit losses and the forecast of future economic conditions may also not be representative of the customer's actual insolvency in the future. Information on the ECL on trade receivables and on to the Group's contract activities are given in note n. 14

10 FIRST TIME ADOPTION IFRS/IAS

I. Premise of International Accounting Standards' First Time Adoption

The Golden Goose S.p.A. Group (also the "Group"), pursuant to Legislative Decree no. 38 of 28 February 2005, elected to prepare its consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union ("IAS / IFRS") starting from the year ended 31 December 2019. This consolidated financial statement is the first to be prepared in accordance with IAS / IFRS. The transition date to the Group's IAS / IFRS was identified on 1 January 2017.

As required by paragraph 24 of IFRS 1 *revised*, the reconciliation statements between the values previously reported according to the Italian accounting principles and those restated according to the IAS / IFRS, accompanied by the relative comments on the adjustments, are shown below.

In particular, it is specified that the following statements are presented below (par. III.A):

a) reconciliation of equity on the following dates:

- transition date to IAS / IFRS (1 January 2017);
- December 31, 2017;
- closing date of the last financial year whose financial statements have been prepared in accordance with Italian accounting principles (31 December 2018);

b) reconciliation of the economic result and the comprehensive income statement relating to the 2017 and 2018 financial years.

Furthermore, considering paragraph 25 of IFRS 1 *revised* and in order to provide further evidence of the financial impacts of the adoption of IAS / IFRS on the consolidated financial statements, the analytical statements of the statement of financial position were also prepared at 1 January 2017, 31 December 2017 and 31 December 2018 (par. III.B), the comprehensive income statement (par. III. B) and the cash flow statement for the years ended 31 December 2017 and 31 December 2018 (par. III. C) indicating the adjustments made to restate according to IAS / IFRS. In preparing these statements, the examples in par. 63 of the *Implementation Guidance of* IFRS 1 have been taken into consideration.

Subsequently, par. IV. includes a brief commentary on the reconciliation statements.

The reconciliation statements between Italian and international accounting standards, being prepared only the transition for the first complete consolidated financial statements according to IAS / IFRS, are devoid of comparative data and the relative explanatory notes.

II. Basis for presentation of the financial data restated in accordance with IAS / IFRS as at 31 December 2017 and 31 December 2018

The objective of the financial data restated in accordance with IAS / IFRS is to represent the balance sheet, financial and income statement of Golden Goose S.p.A. at December 31, 2017 and December 31, 2018 in accordance with the measurement and evaluation criteria provided by IAS / IFRS.

The financial data restated in accordance with IAS / IFRS were obtained by adding to the final data, prepared according to the current legislation, integrated and interpreted by the Accounting Standards and by other documents prepared by the Italian Accounting Body (OIC) and by the documents issued directly by the OIC, the appropriate IFRS adjustments and reclassifications to reflect the changes in the presentation, recognition and measurement criteria required by the IFRS.

The adjustments were prepared in accordance with the IAS / IFRS accounting standards endorsed at 31 December 2019. The adoption process by the European Union and the adjustment and interpretation activity of the official bodies in charge of this is still in progress.

The effects of the transition to IAS / IFRS derive from changes in accounting principles and, consequently, as required by IFRS 1 *revised,* are reflected in the initial equity at the transition date (1 January 2017). The transition to IFRS entailed the maintenance of the estimates previously formulated according to the Italian accounting principles, unless the adoption of the IAS / IFRS accounting principles requires the formulation of estimates according to different methodologies.

III. Application rules and impacts deriving from the application of the IAS / IFRS principles on the financial statements at December 31, 2017 and December 31, 2018

The restatement of the opening balance sheet at January 1, 2017 and the financial statements of the consolidated financial statements at December 31, 2017 and December 31, 2018 resulted in:

- the recognition of all assets and liabilities whose registration is required by IAS / IFRS;
- the reversal of assets and liabilities whose registration is not permitted by IAS / IFRS;
- the reclassification of some balance sheet items in accordance with the provisions of IAS / IFRS;
- a different way of presenting the financial statement schedules: for the purposes of representing the balance sheet and financial position, the "current / non-current" criterion was adopted, while for the overall income statement scheme the scheme with costs classified by destination.

The differences emerging from the application of the IAS / IFRS compared to the Italian accounting standards, as well as the choices made by Golden Goose S.p.A. in the context of the accounting options provided by the IAS / IFRS, have led to a re-exposure of the accounting data prepared according to the previous Italian legislation in financial statements with the effects on shareholders' equity and on the overall economic result which are summarized in the tables below. The adjustments required by IAS / IFRS are explained in detail in the explanatory notes presented in the following sub- paragraphs.

Exemptions applied

IFRS 1 allows the application of some exemptions from the retrospective application of certain requirements pursuant to IFRS.

The Group has applied the following exemptions:

- IFRS 3 Business combinations has not been applied to the what happened before January 1, 2017. The use of this exemption implies that the values of the assets and liabilities recognized in accordance with the previous accounting standards applied are taken as a substitute for the cost at the date of the acquisition. After the acquisition date, the measurement complies with IFRS. Assets and liabilities that cannot be recognized pursuant to IFRS are excluded from the opening IFRS financial position. The Group has not recognized assets or liabilities that have not been recognized in accordance with local GAAP nor it has excluded amounts previously recognized because of IFRS recognition requirements.
- The Group did not apply IAS 21 Effects of changes in foreign exchange rates retrospectively to *fair value* adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. These *fair value* adjustments and goodwill are treated as the parent company's assets and liabilities rather than the acquired assets and liabilities. Therefore, these assets and liabilities are already expressed in the functional currency of the parent company or are elements in non-monetary foreign currency and no further translation differences occur.
- The Group assessed all existing contracts as of January 1, 2017 to determine whether a contract contains a lease based on the facts and circumstances present as of January 1, 2017.
- Leasing liabilities have been valued at the present value of the remaining leasing payments, discounted using the lessee's incremental debt rate on January 1, 2017. Rights of use have been measured at the amount equal to the leasing liabilities, adjusted for the amount of any accruals and deferrals relating to that leasing recognized in the balance sheet immediately before January 1, 2017. The leasing payments, for which the underlying are low value assets, have been recognized as a straight-line cost along the duration of the lease or in any other systematic way.

Using estimates

The estimates at January 1, 2017, December 31, 2017 and December 31, 2018 are consistent with those made for the same dates in accordance with national accounting standards (after adjustments to reflect any differences in accounting standards), except for the following items in which the application of the national accounting standards did not require an estimate:

- Employee benefits
- Stock incentive plans

The estimates used by the Group to present these amounts in accordance with IFRS reflect the conditions as of January 1, 2017, the date of transition to IFRS, as of December 31, 2017 and December 31, 2018.

	01.01.17	2017	2017	31.12.17	2018	2018	31.12.18
(in Euro thousand)	Equity	Net result for the year	Other comprehensive income	Equity	Net result for the year	Other comprehensive income	Equity
Amounts according to Italian accounting principles	**7**	**(63)**	**52**	**302,353**	**2,615**	**2,609**	**304,962**
Adjustments to balance sheet items according to international accounting standards							
Business combination—Golden Goose S.p.A.	—	7,527	7,527	7,527	27,362	27,362	34,890
Business combinations—acquisition of a Korean distributor	—	2,004	2,269	2,269	(473)	(466)	1,803
Rental and leases	—	(431)	(495)	(495)	(1,281)	(1,219)	(1,714)
Elimination of intangible assets that do not meet the requirements of IAS 39	(1)	(487)	(487)	(488)	(421)	(421)	(909)
Remeasurement of the bad debt provision	—	215	215	215	97	97	312
Impairment	—	—	—	—	(712)	(712)	(712)
Employee severance indemnity	—	16	4	4	25	1	5
Share-based incentive plans	—	(840)	(840)	163	516	516	—
Amounts according to IAS / IFRS	**6**	**7,943**	**8,246**	**311,548**	**27,728**	**27,767**	**338,637**

Unlike the Italian accounting principles, all revenue and cost items recognized in a financial year must be included in the statement which highlights the profit or loss of the financial year (Consolidated Profit and Loss), unless a standard or an interpretation requires or allows otherwise (IAS 1 par. 88). Some revenue and cost items are not recognized in the income statement but are indicated in the statement of Consolidated other comprehensive income.

In the case of Golden Goose S.p.A., the net result for the year 2017 according to IAS / IFRS equal to a profit of Euro 7,942 thousand is added to the positive IAS / IFRS adjustments relating to other comprehensive income for Euro 303 thousand which increase the measure the Total comprehensive income statement according to IAS / IFRS to a profit of Euro 8,246 thousand. For 2018 the net result of Euro 27,728 thousand is added to the positive IAS / IFRS adjustments other comprehensive of Euro 39 thousand which increase the Total comprehensive income statement according to IAS / IFRS to a profit of Euro 27,767 thousand.

The IAS / IFRS adjustments relating to other comprehensive income in 2017 amounted in total to Euro 188 thousand and refer to the negative actuarial valuation of employee benefits (provision for severance indemnity accounting) for Euro 12 thousand and to the positive exchange rate translation differences of foreign currency financial statements for Euro 201 thousand.

The IAS / IFRS adjustments relating to other comprehensive income in 2018 amounted in total to Euro 45 thousand and refer to the negative actuarial valuation of employee benefits (provision for severance indemnity accounting) for Euro 24 thousand and to positive exchange differences from translation of the financial statements in currency for Euro 69 thousand.

In addition to the reconciliation statements of shareholders' equity as of 1 January 2017, 31 December 2017 and 31 December 2018 and of the total comprehensive income for the years 2017 and 2018, the statement of financial position at 1 January 2017, as of 31 December 2017 and 31 December 2018, of the comprehensive income and cash flow statement for the years ended 31 December 2017 and 31 December 2018 which highlight:

- values according to Italian accounting principles;
- adjustments for adaptation to IAS / IFRS;
- the values expressed in accordance with IAS / IFRS.

a) Balance sheet as of 1 January 2017, 31 December 2017 and 31 December 2018

ASSETS:	NOTE	31.12.2016 Local GAAP	Reclassifications	Remeasurements	01.01.2017 IFRS
Intangible assets	4	2		(2)	0
Tangible assets					0
Right of use assets					0
Deferred tax asset	4			0	0
Non-current financial assets					0
Other non-current assets					0
Non-current assets		2	0	(1)	0
Inventories					0
Accounts receivable					0
Current Tax assets					0
Other current non-financial assets					0
Current financial assets					0
Cash and cash equivalents		10			10
Current assets		10	0	0	10
Total assets		12	0	(1)	10

LIABILITIES AND SHAREHOLDERS' EQUITY:	NOTE	31.12.2016 Local GAAP	Reclassifications	Remeasurements	01.01.2017 IFRS
					0
Share capital		10			10
Share premium		0			0
Other reserves	4	(3)		(1)	(4)
Shareholders' equity		**7**	**0**	**(1)**	**6**
Provisions for severance indemnities					0
Deferred tax liabilities					0
Non-current Provisions for risks and charges					0
Non-current financial debt					0
Non-current liabilities		**0**	**0**	**0**	**0**
Trade payables		4			4
Other current non-financial liabilities					0
Current Tax liabilities					0
Current provisions for risks and charges					0
Current financial liabilities					0
Current liabilities		**4**	**0**	**0**	**4**
Total liabilities and shareholders' equity		**12**	**0**	**(1)**	**10**

ASSETS:	NOTE	31.12.2017 Local GAAP	Reclassifications	Remeasurements	31.12.2017 IFRS
Intangible assets	1-2-3-4-5-7	452,212	(5,087)	12,148	459,272
Tangible assets		5,813	5,085	0	10,898
Right of use	3	0	0	33,521	33,521
Deferred tax asset	2-3-4-5-7-8	8,140	0	178	8,319
Non-current financial assets		600	11	0	611

Other non-current assets		793	950	0	1,743
Non-current assets		**467,559**	**957**	**45,847**	**514,363**
Inventories	2-9	18,464	628	1,158	20,250
Accounts receivable	5	30,873	(994)	592	30,470
Current Tax assets		4,748	62	0	4,810
Other current non-financial assets	3	6,790	149	(1,013)	5,926
Current financial assets		107	1	0	108
Cash and cash equivalents	1-2-3-4-5-7	10,673	(9)	0	10,664
Current assets		**71,654**	**(164)**	**737**	**72,227**
Total assets		**539,213**	**793**	**46,584**	**586,591**

LIABILITIES AND SHAREHOLDERS' EQUITY:	NOTE	31.12.2017 Local GAAP	Reclassifications	Remeasurements	31.12.2017 IFRS
Share capital		1,004	0	0	1,004
Share premium		301,300	0	0	301,300
Other reserves	2-3-8	112	0	1,190	1,302
Results for the year		(63)	0	8,005	7,943
Shareholders' equity		**302,353**	**0**	**9,195**	**311,548**
Provisions for severance indemnities	7	518	0	88	606
Deferred tax liabilities	1-2	54,824	0	4,277	59,102
Non-current Provisions for risks and charges		858	0	0	858
Non-current financial debt	3	122,217	1,910	32,199	156,325
Non-current liabilities		**178,417**	**1,910**	**36,564**	**216,891**
Trade payables	10	42,261	(1,439)	0	40,822
Other current non-financial liabilities	3-10	4,113	2,119	(1,117)	5,116
Current Tax liabilities		2,201	(514)	0	1,687
Current provisions for risks and charges	9	831	628	0	1,460
Current financial liabilities	3	9,036	(1,910)	1,942	9,068
Current liabilities		**58,443**	**(1,116)**	**825**	**58,152**
Total liabilities and shareholders' equity		**539,213**	**793**	**46,584**	**586,591**

ASSETS:	NOTE	31.12.2018 Local GAAP	Reclassifications	Remesurments	31.12.2018 IFRS
Intangible assets	1-2-3-4-5-6-7	428,339	(8,732)	43,224	462,832
Tangible assets		8,385	8,935	(438)	16,881
Right of use assets	3-6	0	0	56,244	56,244
Deferred tax asset	2-3-4-5-6-7-8	6,342	0	856	7,198
Non-current financial assets		1,157	(12)	0	1,145
Other non-current assets		1,918	274	0	2,192
Non-current assets		**446,141**	**466**	**99,886**	**546,493**
Inventories	2-9	29,280	845	16	30,141
Accounts receivable	5	31,557	34	720	32,311
Current Tax assets		4,660	12	0	4,672
Other current non-financial assets	3	4,815	(517)	(1,776)	2,522
Current financial assets		6	0	0	6
Cash and cash equivalents		17,553	0	0	17,553
Current assets		**87,871**	**374**	**(1,040)**	**87,205**

Total assets		**534,012**	**840**	**98,846**	**633,698**

LIABILITIES AND SHAREHOLDERS' EQUITY:	NOTE	FY 31.12.2018 Local GAAP	Reclassifications	Remesurments	FY 31.12.2018 IFRS
Share capital		1,004	0	0	1,004
Share premium		301,300	0	0	301,300
Other reserves	2-3-8	43	0	8,562	8,605
Results for the year		2,615	0	25,113	27,728
Shareholders' equity		**304,962**	**0**	**33,675**	**338,637**
Provisions for severance indemnities	7	736	0	87	823
Deferred tax liabilities	1-2	50,481	0	8,149	58,630
Non-current Provisions for risks and charges		463	0	0	463
Non-current financial debt	3	115,078	0	51,401	166,479
Other non-current debt		0	71	0	71
Non-current liabilities		**166,757**	**72**	**59,637**	**226,465**
Trade payables	10	44,815	(1,448)	0	43,367
Other current non-financial liabilities	3-10	6,214	1,372	(1,565)	6,022
Current Tax liabilities		899	0	0	899
Current provisions for risks and charges	9	1,175	845	0	2,020
Current financial liabilities	3	9,189	(2)	7,100	16,288
Current liabilities		**62,293**	**768**	**5,535**	**68,596**
Total liabilities and shareholders' equity		**534,012**	**840**	**98,846**	**633,698**

b) Profit and Loss and Other comprehensive income, 2017 and 2018

Consolidated Profit and Loss	NOTE	FY 2017 Local GAAP	Reclassifications	Remeasurements	FY 2017 IFRS
Net Turnover	1-9	142,919	(1,769)	(26,650)	114,499
Cost of Goods sold	1-2-9	(74,644)	3,345	14,493	(56,806)
Net Margin		**68,275**	**1,577**	**(12,157)**	**57,694**
Selling and distribution expenses	1-3-5	(13,830)	(1,037)	1,218	(13,649)
General and Administration expenses	1-2-4-7-8	(42,627)	(273)	15,008	(27,893)
Marketing and Advertising	1	(4,547)	0	520	(4,028)
Operating Result (EBIT)		**7,270**	**266**	**4,588**	**12,124**
Financial Income	1	699	(5)	(457)	237
Financial Expenses	1-3-7	(8,019)	(255)	(213)	(8,487)
Profit before tax		**(50)**	**6**	**3,918**	**3,874**
Income taxes	1-2-3-4-5-7-8	(13)	(6)	4,087	4,068
Net result		**(63)**	**0**	**8,005**	**7,943**

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Consolidated Other comprehensive Income	NOTE	FY 2017 Local GAAP	Reclassifications	Remeasurements	FY 2017 IFRS
Net income		**(63)**	**0**	**8,005**	**7,943**
Other components of the comprehensive income statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes					
Net change in cash flow hedge reserve		101	0	0	101
Taxes		(24)	0	0	(24)
Total profits / (losses) from valuation of financial instruments		**77**	**0**	**0**	**77**
Foreign exchange differences from translation of financial statements in currencies other than the Euro	2-3	38	0	201	239
Total other components of the comprehensive income statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes		**115**	**0**	**201**	**315**
Other components of the comprehensive income statement that will not be reclassified in the profit / (loss) in subsequent periods, net of taxes					
Gains / (losses) from actuarial valuation	7	0	0	(16)	(16)
Taxes	7	0	0	4	4
Total gains / (losses) on actuarial valuation		**0**	**0**	**(12)**	**(12)**
Total other comprehensive income will not be reclassified in profit / (loss) in subsequent periods, net of taxes		**115**	**0**	**188**	**303**
Total comprehensive income for the year, net of taxes		**52**	**0**	**8,194**	**8,246**

Consolidated Profit and Loss	NOTE	FY 2018 Local GAAP	Reclassifications	Remeasurements	FY 2018 IFRS
Net Turnover	9	187,414	(450)	0	186,964
Cost of Goods sold	2-9	(81,174)	(1,817)	(1,142)	(84,133)
Net Margin		**106,240**	**(2,267)**	**(1,142)**	**102,831**
Selling and distribution expenses	3-5	(35,871)	(7)	129	(35,749)
General and Administration expenses	1-2-4-6-7-8	(49,434)	2,076	31,719	(15,639)
Marketing and Advertising		(8,426)	0	0	(8,426)
Operating Result (EBIT)		**12,509**	**(199)**	**30,706**	**43,017**
Financial Income		1,681	0	0	1,681
Financial Expenses	3-7	(8,469)	199	(2,392)	(10,662)
Profit before tax		**5,721**	**0**	**28,314**	**34,035**
Income taxes	1-2-3-4-5-6-7-8	(3,106)	0	(3,201)	(6,308)
Net result		**2,615**	**0**	**25,113**	**27,728**

Consolidated Other comprehensive Income	NOTE	FY 2018 Local GAAP	Reclassifications	Remeasurements	FY 2018 IFRS
Net income		**2,615**	**0**	**25,113**	**27,728**
Other components of the comprehensive income statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes					
Net change in cash flow hedge reserve		(98)	0	0	(98)
Taxes		23	0	0	23

Total profits / (losses) from valuation of financial instruments		**(74)**	**0**	**0**	**(74)**
Foreign exchange differences from translation of financial statements in currencies other than the Euro	2-3	68	0	69	137
Total other components of the comprehensive income statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes		**(6)**	**0**	**69**	**63**
Other components of the comprehensive income statement that will not be reclassified in the profit / (loss) in subsequent periods, net of taxes					
Gains / (losses) from actuarial valuation	7	0	0	(31)	(31)
Taxes	7	0	0	8	8
Total gains / (losses) on actuarial valuation		**0**	**0**	**(24)**	**(24)**
Total other comprehensive income will not be reclassified in profit / (loss) in subsequent periods, net of taxes		**(6)**	**0**	**45**	**39**
Total comprehensive income for the year, net of taxes		**2,609**	**0**	**25,158**	**27,767**

c) Cash flow statement, 2017 and 2018

	2017 ITA GAAP	Reclassifications	2017 IFRS
A, Cash flow generated (absorbed) by operations			
Profit (loss) for the year	−63	8,005	7,943
Income taxes	13	−4,087	−4,074
Interest expense (interest income)	5,879	730	6,609
(Dividends)	0	0	0
Share-based payment expense	0	926	926
Accruals to provision	6,809	−621	6,189
Depreciation of fixed assets	33,244	−20,003	13,241
Write-downs for impairment losses	0	0	0
Other adjustments for non-monetary items	0	0	0
Decrease / (increase) in inventories	−7,975	−3,404	−11,379
Decrease / (increase) in trade receivables	−11,192	8,075	−3,117
Increase / (decrease) in trade payables	18,588	−2,320	16,268
Other changes in net working capital	−6,250	−2,292	−8,542
Interest collected / (paid)	−4,430	−725	−5,155
(Income tax paid)	−8,597	2,656	−5,941
Dividends collected	0	0	0
(Use of provision)	−5,293	0	−5,293
CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)	**20,734**	**−13,059**	**7,675**
B, Cash flow generated (absorbed) by investment activities	**0**	**0**	**0**
* Tangible assets	0	0	0
(Investments)	−4,371	205	−4,166
Disposal price	0	0	0
* Intangible assets	0	0	0
(Investments)	−13,424	865	−12,559
Disposal price	0	0	0
* Non-current financial fixed assets	0	0	0
(Investments)	−763	44	−719
Disposal price	0	0	0
* Merger / Acquisitions / Cessation of subsidiaries or business units net of cash and cash equivalents	−421,808	13,703	−408,105
CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES (B)	**−440,365**	**14,816**	**−425,550**
C, Cash flow from financing activities			
* Debt	128,000	−1,775	126,225

Proceeds of borrowings	128,000	0	128,000
Repayment of borrowings	0	−1,775	−1,775
* Equity	302,304	0	302,304
Proceeds from issue of share capital	0	0	0
Sale (purchase) of treasury shares	0	0	0
(Dividends and advances on dividends paid)	0	0	0
Repurchase of stock options	0	0	0
CASH FLOW GENERATED (ABSORBED) BY FINANCIAL ACTIVITIES (C)	**430,304**	**−1,775**	**428,529**
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (A + −B + −C)	**10,673**	**−19**	**10,654**
Cash and cash equivalent at the beginning of the year	0	10	10
Cash and cash equivalent at the end of the year	**10,673**	**−9**	**10,664**

	2018 ITA GAAP	Riclassifications	2018 IFRS
A, Cash flow generated (absorbed) by operations			
Profit (loss) for the year	2,615	25,113	27,728
Income taxes	3,106	3,201	6,308
Interest expense (interest income)	7,299	2,381	9,680
(Dividends)	0	0	0
Share-based payment expense	0	0	0
Accruals to provision	4,289	0	4,289
Depreciation of fixed assets	35,934	(25,204)	10,730
Write-downs for impairment losses	5	950	955
Other adjustments for non-monetary items	(3,337)	(129)	(3,465)
Decrease / (increase) in inventories	(9,391)	1,142	(8,249)
Decrease / (increase) in trade receivables	(853)	0	(853)
Increase / (decrease) in trade payables	2,555	0	2,555
Other changes in net working capital	(960)	377	(583)
Interest collected / (paid)	(6,397)	(2,374)	(8,772)
(Income tax paid)	(3,421)	0	(3,421)
Dividends collected	0	0	0
(Use of provision)	(2,092)	(40)	(2,132)
CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)	**29,353**	**5,417**	**34,770**
B, Cash flow generated (absorbed) by investment activities			
* Tangible assets			
(Investments)	(3,753)	0	(3,753)
Disposal price	0	0	0
* Intangible assets	0	0	0
(Investments)	(10,886)	758	(10,128)
Disposal price	0	0	0
* Non-current financial fixed assets	0	0	0
(Investments)	(1,613)	0	(1,613)
Disposal price	0	0	0
* Merger / Acquisitions / Cessation of subsidiaries or business units net of cash and cash equivalents	0	0	0
CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES (B)	**(16,252)**	**758**	**(15,494)**
C, Cash flow from financing activities			
* Debt	(6,221)	(5,487)	(11,708)
Proceeds of borrowings	0	0	0
Repayment of borrowings	(6,221)	(5,487)	(11,708)
* Equity			
Proceeds from issue of share capital	0	0	0
Sale (purchase) of treasury shares	0	0	0
(Dividends and advances on dividends paid)	0	0	0
Repurchase of stock options	0	(678)	(678)
CASH FLOW GENERATED (ABSORBED) BY FINANCIAL ACTIVITIES (C)	**(6,221)**	**(6,166)**	**(12,386)**

INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (A + −B + −C)	**6,880**	**9**	**6,889**
Cash and cash equivalent at the beginning of the year	10,673	(9)	10,664
Cash and cash equivalent at the end of the year	**17,553**	**0**	**17,553**

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IV. Explanatory notes to the reconciliation statements

The adjustments are shown in the previous tables net of taxes, if due. The main IAS / IFRS adjustments made to values determined according to Italian accounting principles are commented below.

1. Business combination—Golden Goose S.p.A. (IFRS 3)

On March 6, 2017, the companies CEP IV Participation S.a.r.l. and Carlyle Growth Investments III, through Agosto 2013 S.p.A. (now Golden Goose S.p.A.), acquired 96.08% of the share capital of Golden Goose S.p.A. through the acquisition of 13.34% of the shares of the company and of the entire package of shares of the previous parent companies EVG S.A. and GGDB Holding S.p.a. The transaction thus outlined led to the acquisition of the Golden Goose S.p.A. group. Considering that the acquisition by Golden Goose S.p.A. (formerly Agosto 2013 S.p.A.) was completed in the first months of 2017, as permitted by the accounting principle OIC 17, in the consolidated financial statements prepared in accordance with Italian accounting principles, the economic results of the subsidiaries had been consolidated for the entire year.

The application of the international accounting standards has led to the need to consolidate the Group acquired from the acquisition date, which conventionally coincided with the most recent monthly accounting closing (February 28, 2017), thus eliminating the consolidated amounts line by line the first two months of 2017, with a decrease in the profit for the year for a total of Euro 6,550 thousand, detailed below:

- Decrease in the item Net Turnover for Euro 26,650 thousand;
- Decrease in the Cost of Goods sold for Euro 13,335 thousand;
- Decrease in the item Sale and distribution expenses for Euro 935 thousand;
- Reduction in the item General and administrative expenses of Euro 2,307 thousand;
- Decrease in the item Financial income for Euro 457 thousand;
- Decrease in Financial charges for Euro 804 thousand;
- Reduction in the item Income taxes for Euro 2,656 thousand.

Furthermore, the adoption of the IAS / IFRS accounting principles required a recalculation of the accounting of the business combination, allocating the price paid at *fair value* on the date of acquisition of the identifiable assets acquired and the identifiable liabilities assumed. Specifically, the intangible asset known as the "*backlog*" referred to the *fair value* of the order backlog existing at 1 March 2017 was recorded, for a gross value of Euro 8.798 thousand. The breakdown of the fair value of the identifiable assets acquired and the identifiable liabilities assumed at the acquisition date is provided below:

(Euro thousand)	Fair value at the acquisition date
Intangible assets	218,714
Tangible assets	5,976
Right of use	22,274
Other non-current assets	996
Inventories	8,605
Accounts receivable	27,675
Cash and cash equivalents	28,122
Total assets	**312,361**
Provisions for severance indemnities	−1,055
Deferred tax liabilities	−60,422
Non-current financial debt	−24,266
Trade payables	−25,360
Other non-current debt	−3,008
Non-current Provisions for risks and charges	−121
Current financial liabilities	−52,165

Total liabilities	**−166,397**
Total net assets identifiable at fair value	**145,964**
Goodwill deriving from the acquisition	240,400
Consideration for the acquisition	**386,364**

In accordance with national accounting standards, the goodwill and the brand resulting from the acquisition were subject to the amortization process over a period of 15 years. In application of IAS 39 and IAS 36, the Group deemed the conditions exist to consider the brand as an intangible asset with an indefinite useful life, being the brand central for the corporate strategy and of which the Group believes to continue its use indefinitely in the time. About goodwill international principles do not allow amortization. Therefore, for the purposes of applying the IAS / IFRS principles, both the brand and the goodwill are not subject to amortization but to impairment tests at least annually.

In accordance with national accounting standards, expenses relating to the acquisition were included in the value of goodwill. In accordance with IFRS 3, these charges represent a cost component for the period.

The application of the above different accounting treatments has led to the following impacts:

- on January 1, 2017: no impact;
- at December 31, 2017: an increase in equity of Euro 7,527 thousand, determined by:
- increase in intangible assets for Euro 11,386 thousand,
- increase in Deferred taxes liabilities for Euro 3,859 thousand,
- at December 31, 2018: an increase in equity of Euro 34,889 thousand, determined by:
- increase in intangible assets of Euro 42,620 thousand,
- increase in Deferred taxes liabilities for Euro 7,730 thousand,
- the 2017 net result shows an increase of Euro 7,527 thousand due to the combined effect:
- decrease in the item General and administrative expenses for Euro 12,251 thousand,
- the relative positive overall tax effect of Euro 1,826 thousand;
- the net result for 2018 records a decrease of Euro 27,362 thousand due to the combined effect:
- decrease in the item General and administrative expenses for Euro 31,234 thousand,
- the relative negative overall tax effect of Euro 3,871 thousand;

Since the acquisition date, in the year 2017 the Golden Goose group contributed to the Group's revenues for Euro 114,499 thousand and to the Group's pre-tax net profit for Euro 3,874 thousand. If the combination had been effective since the beginning of the year, the revenues of the would have been equal to Euro 139,381 thousand.

2. Business combination—acquisition of a Korean distributor (IFRS 3)

As part of the strong growth and affirmation of the brand in the Far East and the expiration of the contract with the Korean distributor, in 2017 the Group decided to discontinue the distribution agreement and acquire the business unit linked to the management of the stores. So Golden Goose Korea Ltd was set up, entitled to directly manage 17 single-brand stores on Korean soil.

The adoption of the IAS / IFRS accounting standards required a recalculation of the accounting of the business combination, allocating the price paid at fair value on the date of acquisition of the identifiable assets acquired and the identifiable liabilities assumed; specifically, the process revealed a greater value of inventories than their book value. The breakdown of the *fair value* of the identifiable assets acquired and the identifiable liabilities assumed at the acquisition date is provided below:

(Euro thousand)	Fair value at the acquisition date

Tangible assets	1,374
Inventories	4,418
Total net assets identifiable at fair value	**5,792**
Goodwill deriving from the acquisition	6,261
Consideration for the acquisition	**12,053**

From the acquisition date, in 2017 the acquired entity contributed with Euro 5,816 thousand to the Group revenues.

The details of the impacts deriving from the conversion to international standards are shown below:

- on January 1, 2017: no impact;
- at December 31, 2017: an increase in equity of Euro 2,269 thousand, determined by:
- increase in the item Intangible assets for Euro 1,853 thousand,
- increase in inventories of Euro 1,158 thousand,
- decrease in prepaid taxes of Euro 323 thousand,
- increase in Liabilities for deferred taxes for Euro 418 thousand,
- increase in Other reserves for Euro 265 thousand.

To better understanding, it should be noted that Euro 1,910 thousand of short-term financial payables were reclassified among non-current financial payables, referring to the portion of liabilities for the purchase of the Korean distributor expiring in 2019.

- at December 31, 2018: an increase in shareholders' equity of Euro 1,803 thousand, determined by:
- increase in the item Intangible assets for Euro 2,210 thousand,
- increase in inventories of Euro 16 thousand,
- decrease in deferred tax assets of Euro 4 thousand,
- increase in Deferred taxes liabilities for Euro 418 thousand,
- Increase in Other reserves for Euro 7 thousand,
- the 2017 net result shows an increase of Euro 2,269 thousand due to the combined effect:
- decrease in the item General and administration expenses for Euro 1,587 thousand,
- decrease in the Cost of Goods sold for Euro 1,158 thousand,
- the relative negative overall tax effect of Euro 742 thousand;
- the 2018 net result records a decrease of Euro 466 thousand due to the combined effect:
- decrease in the item General and administration expenses for Euro 350,378,
- increase in the Cost of Goods sold for Euro 1,142 thousand,
- the relative positive overall tax effect of Euro 319 thousand;

3. Rentals and lease (IFRS 16)

The international accounting standard that deals with this area is IFRS 16 which was published in January 2016 and replaced IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating leasing—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

IFRS 16 defines the principles for the recognition, measurement, presentation and reporting of leases and requires lessees to account all rental and lease contracts ("Leasing") in the financial statements on the basis of a single model similar to that used to account for financial leases in accordance with IAS 17.

On the contract start date, the lessee recognizes a liability against the leasing payments (i.e. the leasing liability) and an asset that represents the right to use the underlying asset for the duration of the contract (i.e. the right of use of the activity). The lessors separately account the interest expenses on the Leasing liability and the amortization of the right of use of the asset.

The Italian accounting principles provide that leasing and rental contracts are accounted on a straight-line basis with the cost presented as expense for the use of third party assets; at the end of the contract, any price paid for the redemption of the asset by the lessor will be recorded under fixed assets and amortized.

Leasing contracts according to IAS / IFRS are capitalized in the item "Right of use" from the start date of the Leasing at the fair value of the leased asset or, if lower, at the current value of the leasing installments. A liability of the same amount is entered in the liabilities, which is progressively reduced based on the capital repayment.

Leasing installments are divided between the capital repayment and the interest, in order to obtain the application of a constant interest rate on the residual balance of the debt. Financial expenses are charged to the income statement. The right of use is amortized by applying the criterion applied for owned assets.

For the purposes of adopting the IFRS 16 principle, the Group resorted to the "modified retrospective" approach which entailed the recognition of the financial debt by right of use on the basis of the present value of the remaining payments due on the transition date (1st January 2017), discounted using the lessee's marginal financing rate on that date. The right of use entered in the balance sheet assets was determined for an amount equal to the aforementioned liability, adjusted for the amount of any accruals or prepayments recognized in the statement of financial position immediately before the date of transition to IFRS. For this purpose, the assessment of whether a contract was or contained a Lease was conducted on the date of transition to IAS / IFRS, considering the facts and circumstances existing on that date.

The Group made use of the following practical expedients provided by the standard:

- Exclusion of contracts of low-value assets;
- Exclusion of initial direct costs from the valuation of the activity consisting of the right of use at the date of the transition to IFRS;
- Use of the hindsight in order to determine the duration of the contracts in the case of options for extending or terminating the lease.

The application of the above different accounting treatments has led to the following impacts:

- on January 1, 2017: no impact;
- at December 31, 2017: a decrease in equity of Euro 495 thousand, determined by:
- an increase in the Right of use item of Euro 33,521 thousand,
- a decrease in Other current non-financial assets of Euro 1,013 thousand,
- a decrease in Other current non-financial liabilities of Euro 1,117 thousand;
- from the recognition of financial liabilities for rights of use for a total of Euro 34,141 thousand (entered under short-term financial payables for Euro 1.942 thousand and non-current financial payables for Euro 32,199 thousand),
- an increase in deferred tax assets of Euro 144 thousand,
- a decrease in intangible assets of Euro 123 thousand;
- a decrease in the item Other reserves for Euro 64 thousand;
- at December 31, 2018: a decrease in shareholders' equity of Euro 1,714 thousand, determined by:

- an increase in the Right of use item of Euro 56,746 thousand,
- a decrease in Other current non-financial assets of Euro 1,776 thousand,
- a decrease in Other current non-financial liabilities of Euro 11.565 thousand;
- from the recognition of financial liabilities for rights of use for a total of Euro 58,501 thousand (entered under Short-term financial payables for Euro 7,100 thousand and among non-current financial payables for Euro 51,401 thousand),
- an increase in deferred tax assets of Euro 375 thousand,
- a decrease in intangible assets of Euro 123 thousand;
- an increase in the item Other reserves for Euro 2 thousand;
- 2017 net result shows a decrease of Euro 431 thousand due to the combined effect:
- a decrease in the item Selling and distribution expenses for Euro 437 thousand,
- an increase in the item Financial expenses for Euro 1,012 thousand,
- the relative positive overall tax effect of Euro 144 thousand;
- 2018 net result records a decrease of Euro 1.281 thousand due to the combined effect:
- a decrease in the item Selling and distribution expenses for Euro 872 thousand;
- an increase in the item Financial expenses for Euro 2,374 thousand,
- the relative positive overall tax effect of Euro 232 thousand;

4. Elimination of intangible assets that do not meet the requirements of IAS 38

In accordance with the provisions of the national accounting standards, the Group has registered the costs connected with the establishment of the Group companies, the capital increases and other start-up costs. These charges do not meet the definition of intangible asset provided by IAS 38 and therefore they have been eliminated.

The application of the different accounting treatment has resulted in the following impacts:

- at January 1, 2017: a decrease in equity of Euro 1 thousand, determined by:
- decrease in intangible assets of Euro 2 thousand,
- deferred tax assets of Euro 0,4 thousand,
- at December 31, 2017: a decrease in equity of Euro 488 thousand, determined by:
- decrease in intangible assets for Euro 804 thousand,
- deferred tax assets of Euro 316 thousand.

We also proceeded with the reclassification of Euro 5,140 thousand from the item Intangible fixed assets to increase tangible fixed assets and referring to improvements on third party assets.

- at December 31, 2018: a decrease in equity of Euro 909 thousand, determined by:
- decrease in intangible assets for Euro 1,309 thousand,
- deferred tax assets of Euro 40 thousand.

We also proceeded to reclassify Euro 8,974 thousand from the item Intangible assets to increase tangible assets and referring to improvements on third party assets.

- 2017 net result shows a decrease of Euro 487 thousand due to the combined effect:
- increase in the item General and administrative expenses for Euro 676 thousand,
- the relative positive overall tax effect of Euro 189 thousand;
- 2018 net result records a decrease of Euro 421 thousand due to the combined effect:
- increase in the item General and administrative expenses for Euro 506 thousand,
- the relative positive overall tax effect of Euro 85 thousand;

5. Remeasurement of the bad debt provision (IFRS 9)

Based on the national accounting principles, the Group took into account the estimated realizable value when quantifying the bad debt provision. The IFRS 9 provides a simplified approach to the estimation of *impairment* of trade receivables. In the calculation of the bad debt provision requires to consider the expected loss based on historical experience in relation to the level of expiring, including "*forward looking*" information which consider, for specific customers, the conditions that could adversely affect the possibility of collecting these receivables.

The remeasurement of the bad debt provision in accordance with IFRS 9 entailed the following effects:

- on January 1, 2017: no impact;
- at December 31, 2017: an increase in equity of Euro 215 thousand, determined by:
- increase in Receivables from customers for Euro 592 thousand,
- increase in the item Intangible assets for Euro 235 thousand,
- decrease in the item Deferred tax assets of Euro 142 thousand,
- at December 31, 2018: an increase in shareholders' equity of Euro 312 thousand, determined by:
- increase in trade receivables of Euro 720 thousand,
- increase in the item Intangible assets for Euro 235 thousand,
- decrease in the item Deferred tax assets of Euro 174 thousand;
- 2017 net result recorded an increase of Euro 215 thousand due to the combined effect:
- decrease in costs for the write-down of receivables classified as Selling and distribution expenses for Euro 282 thousand,
- the relative negative overall tax effect of Euro 67 thousand;
- 2018 net result records a decrease of Euro 97 thousand due to the combined effect:
- decrease in costs for the write-down of receivables classified as Selling and distribution expenses for Euro 129 thousand,
- the relative negative overall tax effect of Euro 32 thousand;

6. Impairment (IAS 36)

In application of IAS 36 and considering the economic projections, the Group proceeded to recognize the write-down of the investments in fixed assets and rights of use relating to a foreign store. The impact of applying the principle is as follows:

- on January 1, 2017: no impact;
- at December 31, 2017: no impact;
- at December 31, 2018: a decrease in equity of Euro 712 thousand, determined by:
- decrease in the item Intangible assets for Euro 9 thousand,
- decrease in tangible fixed assets for Euro 438 thousand,
- decrease in the item Rights of use Euro 502 thousand,
- registration of deferred tax assets of Euro 237 thousand,
- 2017 net result is unchanged;
- 2018 net result records a decrease of Euro 712 thousand due to the combined effect:
- increase in the item General and administrative expenses for Euro 950 thousand,
- the related positive tax effect of Euro 237 thousand;

7. Employee severance indemnity

The Italian accounting principles require the recognition of the liability for employee severance indemnity ("provision for severance indemnity") on the basis of the nominal debt accrued towards individual employees according to the civil provisions in force at the balance sheet date. For IAS / IFRS purposes, the employee severance indemnity falls within the category of defined benefit plans subject to actuarial valuations (mortality, foreseeable remuneration changes, etc.) to express the present value of the benefit, payable at the end of the employment relationship, that employees have accrued on the balance sheet date.

In particular, the determination of the liability for IFRS was commissioned to a company specialized in actuarial services. This calculation took into consideration financial variables (discount rate, inflation rate), demographic variables (death, disability and retirement statistics) and economic variables specifically linked to the Group (annual provision for severance indemnity increase and salary increase rates, frequency advances and turnover). For IFRS purposes, all actuarial gains and losses were recognized on the date of transition to IFRS. This different accounting approach has led to the following impacts:

- on January 1, 2017: no impact;
- at December 31, 2017: an increase in equity of Euro 4 thousand, determined by:
- increase in intangible assets for Euro 71 thousand;
- the increase in Provisions for severance indemnities of Euro 88 thousand,
- from the contextual allocation of deferred tax assets of Euro 21 thousand;
- at December 31, 2018: an increase in equity of Euro 5 thousand, determined by:
- increase in intangible assets for Euro 71 thousand;
- the increase in Provisions for severance indemnities of Euro 87 thousand,
- from the contextual allocation of prepaid taxes of Euro 21 thousand;
- the comprehensive income statement for 2017 shows an increase of Euro 4 thousand. The increase is represented by an increase in the economic result of Euro 16 thousand, net of a negative tax effect of Euro 5 thousand, and by a decrease of Euro 12 thousand as other components of the comprehensive income statement which will not be subsequently reclassified in the profit / (loss) for the year net of taxes for Euro 4 thousand.

Profit for 2017 shows an increase of Euro 16 thousand due to the combined effect:

- lower general and administrative expenses of Euro 27 thousand,
- higher financial expenses of Euro 5 thousand,
- higher income taxes of Euro 5 thousand.
- the comprehensive income statement for 2018 records an increase of Euro 0,7 thousand. This increase is represented by an increase in the economic result of Euro 25 thousand, net of a negative tax effect of Euro 8 thousand, and by a decrease of Euro 24 thousand as other components of comprehensive income, which will not be subsequently reclassified in profit / (loss) for the year net of taxes for Euro 8 thousand.

The profit for 2018 records an increase of Euro 25 thousand due to the combined effect:

- lower general and administrative expenses of Euro 40 thousand,
- higher financial expenses of Euro 7 thousand,
- higher income taxes for Euro 8 thousand.

8. Registration of share-based incentive plans (IFRS 2)

In 2017 the Parent Company assigned stock options to certain top figures; according to national accounting principles, this assignment did not require any accounting entry in the consolidated financial statements. In 2018, the Parent Company proceeded with the partial repurchase of the stock options held by one of the incentive subjects, recognizing the corresponding cost in the income statement for the period.

On the basis of the requirements of the international accounting standard IFRS 2, the 2017 allocation is classified as a share-based payment regulated by equity instruments; not being subject to conditions, the options are to be considered matured with the same assignment and it is therefore it's required to immediately recognize the cost of the plan in the Profit and Loss statement against the corresponding increase in shareholders' equity. The partial repurchase in 2018 took place on the basis of the *fair value* of the options at the repurchase date and therefore international principles require to consider this disbursement as a repayment of equity.

This different accounting approach has led to the following impacts:

- on January 1, 2017: no impact;
- at December 31, 2017: an increase in equity of Euro 164 thousand, determined by:
- registration of deferred tax assets of Euro 163 thousand,
- increase in Other reserves for Euro 1,003 thousand,
- at December 31, 2018: no impact;
- 2017 net result shows a decrease of Euro 840 thousand due to the combined effect:
- increase in personnel costs within the item General and administrative expenses for Euro 926 thousand,
- the relative positive tax effect of Euro 86 thousand;
- 2018 net result records an increase of Euro 516 thousand due to the combined effect:
- decrease in the cost of personnel classified as General and administrative expenses of Euro 678 thousand,
- the relative negative tax effect of Euro 163 thousand;

9. Revenues from contracts with customers (IFRS15)

Based on the practice, in accordance with national accounting standards, the Group has taken into account potential returns on sales by adjusting the portion of the sales margin relating to expected returns, classified in 2018 as a direct deduction of Revenues, in 2017 as a provision within the cost of sales. This margin was recognized among Current provisions for risks and charges.

In application of IFRS 15, the Group proceeded to expose the return liability for a value equal to the sale price, while recording the asset for inventories which are expected to be repaid, valued at cost. For all the years presented in this document in the income statement, returns were presented by decreasing the item Revenues from contracts with customers for the sale price of the expected returns, consequently decreasing the Cost of Goods sold by the cost amount of the products for the which is expected to return.

This different accounting approach led to the following reclassification impacts:

- on January 1, 2017: no impact;
- at December 31, 2017:
- increase in inventories of Euro 628 thousand,
- increase in the item Current provisions for risks and charges for Euro 628 thousand,
- at December 31, 2018:
- increase in inventories of Euro 845 thousand,
- increase in the item Current provisions for risks and charges 845 thousand,
- the 2017 profit and loss:
- decrease in Net Turnover of Euro 1,778 thousand,
- decrease in the Cost of Goods sold for Euro 1,778 thousand,
- the 2018 profit and loss:
- decrease in Net Turnover of Euro 217 thousand,
- decrease in the Cost of Goods sold for Euro 217 thousand.

10. Reclassifications

In order to provide a better presentation, consider these other reclassifications:

- on January 1, 2017: no reclassification;
- at December 31, 2017:
- reclassification from Trade payables to Other current non-financial liabilities of Euro 1,560 thousand, referring to the debt for non-competition agreements;
- at December 31, 2018:
- reclassification from Trade payables to Other non-financial current liabilities of Euro 900 thousand, referring to the debt for non-competition agreements;

11 INTANGIBLE ASSETS

The following table provides analytical indications regarding the composition and the movements of intangible assets with reference to additions, disposals, amortization for the year, to any write-downs or revaluations made, to any effects deriving from the extraordinary operations.

	Cost 01/01/17	**Accumulated depreciation 01/01/17**	**Book value 01/01/17**	**Changes in consolidation scope**	**Exchange differences**	**Increases**	**Decreases**	**Depreciation**	**Cost 31/12/17**	**Accumulated depreciation 31/12/17**	**Book value 31/12/17**
Trademark and patents	0	0	0	208,132	0	91	0	(17)	208,284	(77)	208,206
Concessions, licenses, software and similar rights	0	0	0	51	(0)	170	0	(24)	505	(309)	196
Key Money	0	0	0	1,517	(28)	2,465	0	(403)	4,863	(1,312)	3,551
Goodwill	0	0	0	240,400	265	6,261	0	0	246,926	0	246,926
Intangible assets in progress and payments on account	0	0	0	0	0	133	0	0	133	0	133
Other intangible fixed assets	0	0	0	9,014	(3)	29	0	(8,780)	9,292	(9,032)	260
Total	**0**	**0**	**0**	**459,113**	**234**	**9,149**	**0**	**(9,224)**	**470,002**	**(10,730)**	**459,272**

Description	**Cost 01/01/18**	**Accumulated depreciation 01/01/18**	**Book value 01/01/18**	**Exchange differences**	**Increases**	**Decreases**	**Depreciation**	**Cost 31/12/18**	**Accumulated depreciation 31/12/18**	**Book value 31/12/18**
Trademark and patents	208,284	(77)	208,206	0	39	0	(22)	208,323	(100)	208,223
Concessions, licenses, software and similar rights	505	(309)	196	(0)	1,990	0	(181)	2,495	(490)	2,005
Key Money	4,863	(1,312)	3,551	(12)	2,613	0	(773)	7,464	(2,085)	5,379
Goodwill	246,926	0	246,926	7	0	0	0	246,932	0	246,932
Intangible assets in progress and payments on account	133	0	133	0	0	(46)	0	87	0	87
Other intangible fixed assets	9,292	(9,032)	260	3	17	0	(75)	9,312	(9,107)	206
Total	**470,002**	**(10,730)**	**459,272**	**(3)**	**4,659**	**(46)**	**(1,051)**	**474,613**	**(11,781)**	**462,832**

Description	**Cost 01/01/19**	**Accumulated depreciation 01/01/19**	**Book value 01/01/19**	**Exchange differences**	**Increases**	**Decreases**	**Amortization**	**Cost 31/12/19**	**Accumulated depreciation 31/12/19**	**Book value 31/12/19**
Trademark and patents	208,323	(100)	208,223	0	291	0	(21)	208,614	(120)	208,494
Concessions, licenses, software and similar rights	2,495	(490)	2,005	(1)	6,420	0	(1,392)	8,914	(1,882)	7,032
Key Money	7,464	(2,085)	5,379	(18)	222	0	(1,067)	7,668	(3,151)	4,516
Goodwill	246,932	0	246,932	(71)	0	0	0	246,861	0	246,861
Intangible assets in progress and payments on account	87	0	87	0	2,561	0	0	2,648	0	2,648
Other intangible fixed assets	9,312	(9,107)	206	(33)	184	0	(119)	9,464	(9,225)	238
Total	**474,613**	**(11,781)**	**462,832**	**(122)**	**9,678**	**0**	**(2,598)**	**484,169**	**(14,379)**	**469,790**

Trademark and patents

The amount mainly relates to the value relating to the ‘Golden Goose Deluxe Brand’ brand, recognized in the 2017 price allocation following the Group acquisition. The value attributed to the brand, equal to Euro 208,033 thousand, was assigned by the directors on the basis of an appraisal carried out by an independent professional who determined its consistency using the valuation method based on the expected discounted royalties flows deriving from the license grant the “Golden Goose Deluxe Brand” brand; the useful life of the *asset* has been identified as indefinite.

Concessions, licenses, software and similar rights

This category mainly includes the costs incurred for the acquisition and implementation of company information systems and the website for e-commerce. The increases refer to licenses on software programs related to the change of the company management software.

Key Money

The account has a net book value at December 31, 2019 of Euro 4,516 thousand and includes additions for consideration (*Key Money)* paid by Group companies to take over contracts referred to commercial real estate located in prestigious places within the opening of owned stores. These amounts also include the initial direct costs incurred for the negotiation and finalization of property leasing contracts. The capitalization of these costs takes place because of the expected incremental revenues deriving from the possibility of operating, in fact, in prestigious locations. *Key Money* is amortized over the lease term. Specifically, the main *Key Money* paid by the Group are as follows:

- the takeover of the lease contract linked to the single brand store in London, 30 Dover Street W1 in 2016 for a net book value at the end of 2019 equal to Euro 496 thousand (Euro 550 thousand in 2018);

- the takeover of the lease contract linked to the single-brand shop in Venice, Calle Vallaresso in 2017 for a net book value at the end of 2019 equal to Euro 760 thousand (Euro 968 in 2018);

- the takeover of the lease contract linked to the single-brand store in London, Draycott Avenue in 2017 for a net book value at the end of 2019 equal to Euro 728 thousand (Euro 783 thousand in 2018)

- the takeover of the lease contract linked to the property adjacent to the Milan store in Via Ponte Vetero, 1, a room used for the implementation of the LAB project, for a net book value at the end of 2019 equal to Euro 326 thousand (Euro 392 thousand in 2018)

- the takeover of the lease contract linked to the single-brand store in Puerto Banus, Spain, in the financial year 2018 for a net book value at the end of the 2019 financial year equal to Euro 300 thousand (Euro 336 thousand in 2018)

- the takeover of the lease contract linked to the single-brand store in Paris, Rue de Saint Honoré, in 2018 for a net book value at the end of 2019 equal to Euro 1,200 thousand (Euro 1,292 thousand in 2018)

- the takeover of the lease for the store in Zurich, Switzerland, in 2018 for a net book value at the end of the 2019 financial year of Euro 341 thousand (Euro 434 thousand in 2018)

Intangible assets in progress and payments on account

The item mainly includes the advances paid by the parent company Golden Goose S.p.A. for the redevelopment costs of the property located in Marghera (VE) Via dell'Atomo 8 equal to Euro 1,634 thousand at the end of the 2019 financial year. The assets still in progress are expected to end in 2020. The decrease during 2018 refers to the projects completed during the year, brought to an increase in the relative asset and for which the normal amortization process began.

The fixed assets under construction also include Euro 1,013 thousand paid by the Golden Goose Korea Ltd Group company for the construction of a *flagship* store in Seoul.

Other fixed assets at December 31, 2017 also include the recognition of the intangible asset called "*backlog"* referring to the *fair value* of the order backlog existing at March 1, 2017, for a gross value of Euro 8,798 thousand. This *asset* is fully amortized at December 31, 2017 (see Note 10 IV).

11.1 Goodwill—impairment test

The Group carried out its impairment test in December 2019 considering, in the estimate of the recoverability of Goodwill and the Brand, the entire Group as a single cash-generating unit, as well as the "Korea" cash-generating unit.

The recoverable value of the single cash flow generating unit was determined based on a calculation of the value in use, which used the cash flow projections deriving from the 2020-2023 Business Plan prepared by management. The pre-tax discount rate applied to cash flow projections is 9.8%.

Cash flows from the fifth year onward were extrapolated using a growth rate of 10% for the first two years after 2023 and 2.7% properly as *LTGR*. This growth rate is in line with the expected average growth rate for a significant group of companies operating in the *luxury* sector.

No impairment loss has been identified for the cash generating unit.

We report the financial parameters that would reduce the E*nterprise Value* until it is aligned to the Group's net invested capital at the reporting date and these are:

- WACC *about 14%*

- *G-LTGR 0%*

It should be noted that the *Enterprise Value* would align with the Net Invested Capital in maintaining the financial parameters, envisaging a reduction of the *Nopat* to *Business Plan* of approximately 38%.

It is noted that the financial parameters used in the valuation simulations can be considered, under "normal" market conditions, reasonably prudent.

Moreover, the context of crisis and economic uncertainty, which has persisted for several years and which, extraordinarily, has been accentuated today by the health crisis linked to the *coronavirus*, entails a volatility of the main market quantities and an uncertainty on economic expectations which makes it difficult the preparation of forecasts that can be defined as reasonable and / or prudential, if not also reliable and to draw suitably valid conclusions and with a limited degree of uncertainty in the context of *planning* and evaluation estimates (see also Note 45 "Events after the reporting period").

We therefore believe we must conclude that, at the reference dates, the range of values attributed to the Group is reasonable, but also how this area may undergo, in the near future, also significant changes as a consequence of any deterioration in market conditions, in its complex, or the competitive profile of the Group in question and its ability to react to current or upcoming market difficulties.

As for the Korean CGU we noted that the business unit is made up of a network of sale retail shops and has no real estate and relevant fixed assets that could make a significant potential for appreciation in value.

In fact, the management of a distribution network was detected, and the higher price paid for it must be identified as a generic *goodwill* linked to the ability to generate income.

The aim sought with the acquisition of the Korean *CGU* was to maintain turnover volumes and to stop the decline revenues recorded by many stores in the first *quarters* of 2017.

However, the correctness of the transaction was found in the short term with reference to the closure of the 2017 financial statements of the Korean subsidiary which in just three months of operations recorded operating results which were confirmed from the first full financial year 2018. The income statement data in fact report an Ebitda of the first 15 months of activity which in fact recovered about 70% of the *goodwill* paid for the *CGU*.

Even for the Korean CGU, the estimated value in use has been made developing a *Discounted Cash Flow ("DCF")*, in the version *unlevered*, with respect to the *Business Plan 2020-2023 IAS / IFRS*.

The estimate of the *wacc*, equal to 10.04%, is almost similar to the Group one and differs only in some elements:

- the *free risk* corresponding to the 10-year Korean government bond yield, of approximately 1.7%;
- The *beta* and the *D / E ratio* that came from *Damodaran On Line*, but with reference to the sector *Apparel* of the emerging markets;

The Korean *corporate tax rate* of 25%.

The evaluation of the simulation value in use of *Korean CGU* leads to significantly higher values than the Net Invested Capital Golden Goose Korea, so no impairment loss has been identified.

The financial parameters that would reduce the *Enterprise Value* up to align it with the Net Invested Capital of the *CGU* are:

- *Wacc* over *40%*
- *G-LTGR 0%*

Alternatively, it can be observed that, maintaining the financial parameters, the *Enterprise Value* would align with the Net Invested Capital, almost predicting a zeroing of the *Nopat* to the *Business Plan*.

The considerations made for the Group as a whole also apply to the *Korean CGU*. The range of values attributed to the *Korean CGU* can be considered as reasonable, as how this area may soon undergo significant changes as a consequence of any deterioration of market conditions, as a whole, or of the competitive profile of the Group concerned and its ability to react to and current or future possible market difficulties.

12 RIGHT OF USE

Information on the book values of the assets by right of use and the related liability and their movements in the reference periods are provided in the table below:

	Buildings	Cars	Electronic machines	Total rights of use	Liabilities for rights of use
Book value as of January 1, 2017	**0**	**0**	**0**	**0**	**0**
Increases due to change in consolidation scope	22,152	113	9	22,274	22,274
Increases for new contracts	13,954	150	—	14,104	14,104
Reclassification for leasing redemption	—	—	—	—	—
Depreciation of the period	(2,822)	(43)	(2)	(2,867)	—
Accrued interest	—	—	—	—	1,060
Payments	—	—	—	—	(3,305)
Exchange rate effect	9	(0)	—	9	(8)
Book value as of 31 December 2017	**33,294**	**219**	**7**	**33,521**	**34,140**

The changes in the 2017 of rights of use and the corresponding liability mainly relate to the depreciation for the period, equal to Euro 2,867 thousand, to accrued interest, equal to Euro 1,060 thousand and to reimbursement of the liability, equal to Euro 3,305 thousand.

	Buildings	Cars	Electronic machines	Total rights of use	Liabilities for rights of use
Book value as of January 1, 2018	**33,294**	**219**	**7**	**33,520**	**34,140**
Increases for new contracts	29,475	362	24	29,861	29,861
Reclassification for leasing redemption	—	—	—	—	—
Depreciation for the period	(6,510)	(115)	(7)	(6,632)	—
Write-downs	(502)	—	—	(502)	—
Accrued interest	—	—	—	—	2,374
Payments	—	—	—	—	(7,861)
Exchange rate effect	(3)	(0)	—	(3)	(13)
Book value at 31 December 2018	**55,754**	**466**	**25**	**56,244**	**58,501**

The changes in 2018 of rights of use are mainly related to the new property rental contracts entered, the depreciation for the period, equal to Euro 6,632 thousand and the write-downs following an impairment test for Euro 502 thousand. The liability for rights of use increased by Euro 29,861 in relation to the new leases and by Euro 2,374 thousand for interest expense accrued, while it decreased by Euro 7,861 thousand for repayments made during the year.

	Buildings	Cars	Electronic machines	Total rights of use	Liabilities for rights of use
Book value as of January 1, 2019	**55,754**	**466**	**25**	**56,244**	**58,501**
Increases for new contracts	37,139	165		37,304	37,304
Reclassification for leasing redemption	—	—	—	—	—
Remeasurements, contractual amendments and early terminations	(1,040)	—	—	(1,040)	(1,058)
Depreciation for the period	(11,823)	(191)	(8)	(12,022)	—
Write-downs	(708)	—	—	(708)	—
Accrued interest	—	—	—	—	3,868
Payments	—	—	—	—	(13,873)
Exchange rate effect	295	(0)	—	295	316
Book value at 31 December 2019	**79,616**	**439**	**17**	**80,073**	**85,057**

These changes in rights of use mainly relate to the new property rental contracts entered, the depreciation for the period of Euro 12,022 thousand and the write-downs following an impairment test for Euro 708 thousand. The liability for rights of use increased by Euro 37,304 in relation to the new leases and by Euro 3,868 thousand for interest expense of the full year. Repayments for the period amounted to Euro 13,873 thousand. The remeasurements, contractual amendments and early terminations refer to the property rental contract of the administrative headquarters in Marghera, as well as other premises, subject to early extinction at the end of 2019 in order to stipulate a new contract between the same parties that guarantees a longer duration and a wider real estate perimeter available to the Group.

Many rental contracts related to commercial buildings provide variable payments linked to the sales of the shops. At the reference date, there are no contracts in existence that offer guarantees for the residual value or commitments for contracts that have not yet started.

The Group makes use of property rental contracts in order to obtain the availability of the premises where its business is carried out; these contracts provide for extension and termination options in accordance with what is normally meant by commercial practice. At the balance sheet date, none of the assets consisting of the user right meets the definition of real estate investment.

The Group has no sub-leasing contracts in place. During the year, no sales and leaseback transactions were carried out.

The amounts shown in the Consolidated profit and loss for the year are shown below:

(Euro thousands)	**31.12.2019**	**31.12.2018**	**31.12.2017**
Depreciation of assets for the right of use	12,022	6,632	2,867
Interest expense on leasing	3,868	2,374	1,060
Rental costs—low value assets	179	114	45
Rental costs—variable rents	9,892	7,424	1,354
Total effects recorded in the income statement	**25,961**	**16,544**	**5,326**

The total outgoing cash flows relating to the leasing of the Group is Euro 23,944 thousand in 2019 (2018: Euro 15,399 thousand, 2017: Euro 4,704 thousand). In addition, the Group has had an increase of assets because of rights of use of Euro 36,264 thousand in 2019 (2018: Euro 29,858 thousand, 2017: Euro 14,104 thousand) and of rights of use liabilities of Euro 36,264 thousand in 2019 (2018: Euro 29,861 thousand, 2017: Euro 14,104 thousand).

13 TANGIBLE ASSETS

The item at the end of the financial year is detailed as follows:

Description	**Cost 01/01/17**	**Accumulated depreciation 01/01/17**	**Book value 01/01/17**	**Changes in consolidation scope**	**Exchange differences**	**Increases**	**Decreases**	**Depreciation**	**Cost 31/12/17**	**Accumulated depreciation 31/12/17**	**Book value 31/12/17**
Land and buildings	0	0	0	505	0	0	0	0	505	0	505
Plant and machinery	0	0	0	283	0	1	0	(30)	504	(250)	254
Industrial and commercial equipment	0	0	0	472	(0)	35	0	(164)	1,033	(691)	342
Other tangible assets	0	0	0	4,716	(95)	6,129	0	(954)	12,836	(3,040)	9,796
Assets in progress and payments on account	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**5,976**	**(95)**	**6,165**	**0**	**(1,148)**	**14,879**	**(3,981)**	**10,898**

Description	**Cost 01/01/18**	**Accumulated depreciation 01/01/18**	**Book value 01/01/18**	**Exchange differences**	**Increases**	**Decreases**	**Depreciation**	**Cost 31/12/18**	**Accumulated depreciation 31/12/18**	**Book value 31/12/18**
Land and buildings	505	0	505	0	0	(3)	(15)	502	(15)	486
Plant and machinery	504	(250)	254	0	54	0	(56)	558	(307)	251
Industrial and commercial equipment	1,033	(691)	342	(0)	510	0	(143)	1,543	(834)	709
Other tangible assets	12,836	(3,040)	9,796	116	8,355	0	(2,833)	21,307	(5,873)	15,435
Assets in progress and payments on account	0	0	0	0	0	0	0	0	0	0
Total	**14,879**	**(3,981)**	**10,898**	**116**	**8,918**	**(3)**	**(3,047)**	**23,910**	**(7,028)**	**16,881**

Description	**Cost 01/01/19**	**Accumulated depreciation 01/01/19**	**Book value 01/01/19**	**Exchange differences**	**Increases**	**Decreases**	**Depreciation**	**Cost 31/12/19**	**Accumulated depreciation 31/12/19**	**Book value 31/12/19**
Land and buildings	502	(15)	486	0	117	0	(15)	502	(30)	471
Plant and machinery	558	(307)	251	0	526	0	(62)	675	(368)	306
Industrial and commercial equipment	1,543	(834)	709	(2)	60	0	(155)	1,601	(989)	612
Other tangible assets	21,307	(5,873)	15,435	(135)	16,375	0	(4,353)	37,548	(10,226)	27,322
Assets in progress and payments on account	0	0	0	0	526	0	0	526	0	526
Total	**23,910**	**(7,028)**	**16,881**	**(136)**	**17,605**	**0**	**(4,585)**	**40,851**	**(11,614)**	**29,238**

The "Land and Buildings" category refers to a property owned by the Group used as a company guesthouse.

The item "Plant and Machinery" contains the values relating to investments in air conditioning and lighting systems for the Marghera offices;

The "Industrial and commercial equipment" refer mainly to the purchase of forms and molds to produce footwear, commercial equipment for the Milan store, equipment and fittings for trade shows and photo shoots and fittings for *corner shops* and *showrooms*.

The item "Other tangible assets" includes the office and shops' furniture, motor vehicles, electronic office equipment and leasehold improvements.

The leasehold improvements at the end of 2019 amounted to Euro 20,011 thousand and mainly refer to the costs incurred for the renovation of the buildings where the Group carries out its main activity in Marghera (via dell'Atomo 8 and via dell'Elelettricità 6) and Milan (via San Martino 17) and the charges deriving from the renovation of the premises of the shops and *showrooms*.

14 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The classification of financial instruments from the perspective of IFRS 9 is transversal to various items of the statement of financial position. The following is a breakdown of the financial instruments in place, by category, compared with the corresponding values at December 31, 2018 and December 31, 2017 (as of January 1, 2017 there were no financial instruments).

FINANCIAL ASSETS

(Euro thousand)	31.12.2019	31.12.2018	31.12.2017
Financial assets at fair value with changes recognized in the income statement			
Derivatives—non-hedging component	0	0	0
Derivatives designated as hedging instruments			
Forward foreign exchange contracts (see Note 14)	300	0	0
Interest rate hedging contracts (see Note 14)	0	6	107
Financial assets valued at amortized cost			
Trade receivables (see Note 18)	36,524	32,311	30,470
Other current financial assets (see Note 14.2)	989	—	1
Other non-current financial assets (see Note 14.2)	310	(12)	11
Loans to employees (see Note 14.2)	1,578	1,157	600
Total financial assets *	**39,701**	**33,462**	**31,189**
** Financial assets, other than cash and short-term deposits*			
Total current portion	**37,813**	**32,317**	**30,578**
Total non-current part	**1,888**	**1,145**	**611**

FINANCIAL LIABILITIES

	31.12.2019	31.12.2018	31.12.2017
Financial liabilities at fair value with changes recognized in the income statement			
Derivatives—non-hedging component	0	0	0
Derivatives designated as hedging instruments			
Forward foreign exchange contracts (see Note 14)	194		
Interest rate hedging contracts (see Note 14)	1	3	6
Financial liabilities valued at amortized cost			
Trade payables (see Note 26)	55,000	43,367	40,822
Bonds	240,388	—	—
Payables to banks—current	571	7,145	5,243
Payables to banks—non-current	—	115,078	122,220
Current leasing liabilities (see Note 12 and 14)	12,052	7,100	1,942
Non-current lease liabilities (see Note 12 and 14)	73,005	51,401	32,199
Liabilities for the purchase of Golden Goose Korea	—	1,908	3,575
Other financial liabilities	161	132	208
Total financial liabilities	**381,372**	**226,136**	**206,215**
Total current portion	**308,367**	**59,655**	**49,890**
Total non-current portion	**73,005**	**166,479**	**156,325**

Fair value measurement and related hierarchical evaluation levels

The above table shows, with the exception of the leasing liabilities reported following the application of the new IFRS 16 principle, that most of the financial assets and liabilities outstanding are represented by short-term items; in consideration of their nature, for most items, the book value is considered a reasonable approximation of the *fair value*.

Management has verified that the *fair value* of cash and cash equivalents and short-term deposits, trade receivables and payables, bank overdrafts and other current liabilities approximates the book value as a consequence of the short-term maturities of these instruments.

The following methods and assumptions have been used to estimate *fair value*:

- Long-term loans and receivables, both fixed and floating rate, are assessed by the Group on the basis of parameters such as interest rates, country-specific risk factors, the individual creditworthiness of each customer and the characteristic risk of the financial project. Based on this evaluation, the appropriations for estimated losses on these credits are recorded in the accounts.

- The Group enters derivative financial instruments with various counterparties, mainly financial institutions with an assigned credit rating. Derivatives valued using valuation techniques with detectable market data mainly consist of interest rate swaps and forward currency contracts. The valuation techniques applied most frequently include the forward pricing and swaps models, which use the calculation of the present value. The models consider different inputs, including the credit quality of the counterparty, the spot foreign currency and forward rates, the interest rate curves and the forward rate curves of the underlying commodities, the yield curves of the respective currencies, the base spread between their currencies.

- The fair value of Group loans that accrue interest is determined using the discounted cash flow method and using a discount rate that reflects the interest rate of the issuer at the end of the year. The Group's default risk as at 31 December 2019 was assessed as insignificant.

In relation to the financial instruments recognized in the statement of financial position at *fair value*, IFRS 13 requires that these values to be classified in accordance with a hierarchy of levels that reflects the significance of the inputs used in determining the *fair value*. The following levels are distinguished:

Level 1—prices recorded on an active market for assets or liabilities being valued;

Level 2—inputs other than the quoted prices referred to in the previous point, which are observable directly (prices) or indirectly (derived from prices) on the market;

Level 3—inputs that are not based on observable market data.

Please note that all the assets and liabilities that are valued at *fair value* at 31 December 2019, can be classified in the hierarchical level number 2 of the *fair value* measurement as defined by IFRS 13. Furthermore, during the year 2019 there were no transfers from Level 1 to Level 2 or to Level 3 and vice versa.

14.1 Financial derivative instruments

The first risks managed through the use of derivative instruments are exchange rate risk and interest rate risk.

The Group's risk management strategy and the ways in which it is applied are illustrated below.

The Group holds the following derivative financial instruments:

	Maturity					
	Less than 3 months	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**1 to 5 years**	**Total**
As of December 31, 2019						
Forward foreign exchange contracts (highly probable expected sales)						
Notional amount (in € 000)		13,352,323	3,560,620	8,901,549		25,814,492
Medium term rate (EUR / USD)		1.118	1.126	1.131		1.124
Notional amount (in € 000)		7,714,383	3,857,191	3,857,191		15,428,765
Medium term rate (EUR / KRW)		1,314.40	1,320.00	1,322.00		1,317.70
Interest rate hedges						
Notional amount (in € 000)	285,714					
Average rate (%)	1.70%					
As of December 31, 2018						
Interest rate hedges						
Notional amount (in € 000)		80,925,000			857,142	81,782,142
Average rate (%)		0.25%			1.7%	0.25%
As of December 31, 2017						
Interest rate hedges						
Notional amount (in € 000)					84,953,571	84,953,571

Average rate (%)	0.25%	0.25%
As of January 1, 2017		
There were no financial derivative instruments in place		

The **derivatives not designated as hedging instruments** reflect the positive changes in the *fair value* of these forward contracts on currencies, which are not designated as hedging contracts, but the aim is still to reduce the risk on sales and purchases envisaged.

The Group's policy is not to carry out derivative transactions for speculative purposes.

The **derivatives designated as hedging instruments** reflect the positive changes in the *fair value* of forward foreign exchange contracts designated as hedges contracts of highly probable cash flows.

As of December 31, 2019, the Group holds forward foreign exchange contracts to hedge sales which have been designated as hedging instruments for sales of future seasons. In the year 2019 it became appropriate to cover risks arising from the fluctuation of the US dollar (USD) and the won South Korea (KRW) to avoid the volatility of the currencies could lead uncertainties on the Group's economic performance as required by "*Derivatives policy*" approved by the BoD on 18 December 2019.

These derivatives are represented by the forward sale of currency through which the Group undertakes to sell the underlying currency at a specific maturity and at a predetermined exchange rate.

Since the characteristics of the contracts are derivatives, the instruments are closely related to the underlying element (specifically, the margins envisaged in the 2020 industrial plan for the US and Korea areas), the accounting of the same takes place on the basis of hedge accounting, with the accounting of the *fair value* of the derivative, net of the tax effect, directly in equity.

In order to mitigate the risks from fluctuations in interest rates on existing loans, the Group signed derivative contracts of *interest rate swaps* (IRS). As of 31 December 2019, the only IRS contract in place is that with Banca Intesa for a notional amount of Euro 285,714 to cover the rate on the loan with Mediocredito of initials Euro 4,000,000.

In 2019 the two derivatives, subscribed with Unicredit Banca linked to the loan extinguished during the year, have been consequently extinguished (see below in Note 14.3.1.1 dedicated to loans and financing).

These derivative contracts not listed on regulated markets were endorsed to hedge the risk of fluctuations in interest rates on the credit lines linked to the loan agreement entered into with Banca Imi S.p.A. and provided for a cap on the value of the EURIBOR.

The notional value of these derivatives was totaled to Euro 83,525,000 corresponding to 52% of the amount of credit lines.

The balance sheet and financial statement's items which include the *fair value* of the derivatives outstanding at 31/12/2019 are "Current financial assets" and "Current financial liabilities" depending on whether the fair value at the end of the year is positive or negative.

The impact and classification of hedging instruments are represented as follows:

	Nominal amount	**Book value (euro thousand)**	**Balance sheet item**
As of December 31, 2019			
Forward foreign exchange contracts	USD 29,000,000 / KRW 20,000,000,000	106	Current financial assets / Current financial liabilities
Interest rate contracts.................	EUR 285,714	(1)	Current financial liabilities
As of December 31, 2018			
Forward foreign exchange contracts		—	
Interest rate contracts.................	EUR 81,782,142	3	Current financial assets / Current financial liabilities
As of December 31, 2017			
Forward foreign exchange contracts			

Interest rate contracts.................	EUR 84,953,571	101	Current financial assets

As of January 1, 2017

There were no financial derivative instruments in place

The *Mark to Market of the* IRS at December 31, 2019 has a negative value of Euro 1 thousand (with a notional amount equal to Euro 286 thousand) entered under Other current financial liabilities within Current financial liabilities. At the end of 2018, the *mark to market* of this instrument expressed an overall positive value of Euro 6 thousand.

The currency hedging contracts in place at December 31, 2019 with negative *Mark to Market* value amount to Euro 194 thousand. The hedging currency contracts outstanding at December 31, 2019 with positive *Mark to Market* value amount to Euro 300 thousand.

Below is the detail by credit institution:

Credit institution	Deadline	Nominal amount	Mark to Market 31/12/2019 (Euro thousand)
Intesa San Paolo	31/03/2020	USD 5,000,000	38
Unicredit..	26/06/2020	USD 2,500,000	31
Unicredit..	26/06/2020	USD 2,500,000	33
Unicredit..	28/09/2020	USD 2,000,000	25
Unicredit..	28/09/2020	USD 2,000,000	27
Mediobanca	31/03/2020	KRW 5,000,000,000	35
Mediobanca	30/06/2020	KRW 5,000,000,000	43
Mediobanca	30/09/2020	KRW 5,000,000,000	36
Mediobanca	31/12/2020	KRW 5,000,000,000	31
Total derivatives with positive value			**300**
Credit institution	**Deadline**	**Nominal amount**	**Mark to Market 31/12/2019 (Euro thousand)**
Mediobanca	30/04/2020	USD 5,000,000	(74)
Mediobanca	30/10/2020	USD 5,000,000	(73)
Mediobanca	31/12/2020	USD 5,000,000	(47)
Total derivatives with negative value			**(194)**
NET TOTAL			**106**

The **financial assets measured at amortized cost** include trade receivables, receivables from related parties (loans to employees) and other current financial assets.

"Current financial assets" (this balance sheet account also includes the fair value of derivatives) includes the balances of the *Paypal* and *Adyen* accounts, payment platforms used for retail collections, mainly e-commerce, for Euro 989 thousand.

Loans to employees, included in the balance sheet in "Non-current financial assets" mainly include an active loan granted to some employees for the purchase of Company shares for a total of Euro 1,577 thousand, this value includes the increase that occurred in 2019 equal to Euro 422 thousand, related to the share incentive plan.

The item "Non-current financial assets" also includes deposits paid for the set up of new group companies for Euro 310 thousand.

14.2 Financial liabilities valued at amortized cost

14.2.1.1 Loans and financing

IFRS 7.7 requires supplementary information that allows users of the financial statements to assess the relevance of the financial instruments with reference to the balance sheet position and the result. Since the Group has a significant amount of loans and financing in its group consolidated balance sheet, detailed information to users of the financial statements are provided, here below, information both regarding the effective interest rate and the maturity of the loans.

(Euro thousand)	Interest rate	Maturity	31.12.2019	31.12.2018	31.12.2017
Current loans and financing					
Leasing liabilities (Note 12).....	2.97% — 9.55%	2020-2039	12,052	7,100	1,942
€2,500,000 Carige bank loan....	EURIBOR 3M + 0.90%	31-dec-18	—	—	1,002

€160,000,000 IMI bank loan....	EURIBOR 6M + 3%-4.5%	14-jan-19	—	5,431	3,098
€4,000,000 Mediocredito bank loan	EURIBOR 6M + 1.95%	31-jan-20	571	1,714	1,143
€240,000,000 bond loan	EURIBOR 3M + 6.75%	31-mar-20	240,388	—	—
Total current loans and financing			**253,012**	**14,245**	**7,185**
Non-current loans and financing					
Leasing liabilities (Note 12)	2.97% — 9.55%	2020-2039	73,005	51,401	32,199
€2,500,000 Carige bank loan	EURIBOR 3M + 0.90%	31-dec-18	—	—	—
€160,000,000 IMI bank loan	3%-4.5%	14-june-19	—	115,078	120,506
€4,000,000 Mediocredito bank loan	EURIBOR 6M + 1.95%	31-jan-20	—	—	1,714
Total non-current loans and financing			**73,005**	**166,479**	**154,419**
Total loans and financing			**326,017**	**180,724**	**161,604**

On June 14, 2019 the Group has extinguished in advance the pool financing named "*Glamour*" signed for the acquisition by Carlyle Group occurred in 2017, with an original maturity of financing lines between 2023 and 2024. At December 31, 2018 the residual value declined in various *facilities* amounted to Euro 124,500 thousand.

At the same time, the following were signed:

– *Notes* totaling Euro 240,000 thousand. The interest rate applied is the LIBOR or the EURIBOR, with *Floor at* 0% + 6.75% spread (reducible to 6.25% based on the "Debt cover" ratio calculated as provided in the loan agreement), quarterly interest regulation, repayment expected on the "*termination date*" after 7 years from its issue on 14.06.2019, or on 14.06.2026;

– *sSRCF "super senior Revolving Credit Facility"* for a total of Euro 30,000 thousand. The interest rate applied is EURIBOR 3M, with *Floor* at 0% + spread (variable between 2.75% and 3.50% depending on the "Debt cover" ratio as defined by the agreement). Failure to use the line entails the application of a 1.25% commission paid quarterly and "*termination date"* after 6 years from its subscription on 14.06.2019, or 14.06.2025.

At the balance sheet date, the Group did not use the *RCF* line.

The bond loan was classified in its entirety "*within 12 months*" since, following the acquisition of the Golden Goose Group by the *private equity fund* Permira, the early repayment of the debt is expected by 2020.

Lastly, the Group has an unsecured loan in place to support investments and develop the *retail* area. In particular, this financing line refers to loans contracted with:

- Mediocredito Italiano, for a total of Euro 571 thousand (Euro 1,714 thousand at the end of 2018); the loan was disbursed in April 2016 and accrues interest expenses based on the 6-month Euribor rate with a spread negotiated with the credit institution, the amortization plan provides for the return of the capital in constant half-yearly installments of Euro 571 thousand and its total extinction on January 31, 2020. On this loan there is a derivative contract to cover the risks deriving from the fluctuation of interest rates (IRS) stipulated on a notional value of Euro 2,000,000 corresponding to 50% of the amount disbursed.

At the end of the 2018 the account was mainly composed by the debts towards the *pool* of banks headed by Banca IMI S.p.A. and under the contract financing for acquisition by Carlyle Group occurred in 2017. The financial *facilities* concerned, disbursed in 2017 were structured in different *tranches*: the first *tranche*, called 'Line A1' for an amount of Euro 25,000,000, with maturity 05/03/2023 , the second *tranche*, called 'line A2' the amount of Euro 25,000,000 with 03.05.2023 maturity, the third *tranche*, called 'Line B' for an amount of Euro 80,000,000 by 03.05.2024 deadline, fourth *tranche*, called 'Revolving Facility' and amount of Euro 10 million with maturity 06/03/2023, the fifth *tranche*, called 'Acquisition Facility' amounting to Euro 20,000,000 with maturity 06.03.2023.

At December 31, 2018, the Group had only used the financial *facilities* provided for on lines A1-A2-B.

During the 2017 financial year, the Group paid off the previous debt contracted with the *pool* of banks led by Banca Imi S.p.A. and disbursed on 19/05/2015, which on 06/03/2017 remained for capital amounts of Euro 41,900,000. With the repayment of the loan, the related derivative interests hedging contract was also extinguished.

14.2.1.2 Other financial liabilities valued at amortized cost

Between other financial liabilities valued at amortized cost we found the Korean distributor's debt for the deferred payment of the purchase price of the Korean business branch.

This debt extinguished during 2019 was classified in the balance sheet among "Current financial liabilities" of the financial statements closed at December 31, 2018 and December 31, 2017 for Euro 1,908 thousand and Euro 3,575 thousand respectively.

The terms and conditions of the financial liabilities listed above are:

- trade payables do not generate interest expense and are normally settled at 90 days;

- for the terms and conditions relating to related parties, see the specific Note "Information relating to transactions carried out with related parties"

14.3 Financial risk management objectives and policies

The Group is exposed to risks associated with existent business activities.

14.3.1.1 Financial risk

The main financial liabilities of the Group, other than derivatives, include bank loans and financing, and trade and other payables. The main objective of these liabilities is to finance the Group's operating activities. The Group has financial receivables and other commercial and non-commercial receivables, cash and cash equivalents and short-term deposits that directly originate from operating activities. The Group also holds derivative contracts.

The Group is exposed to market risk, credit risk and liquidity risk. Group Management is responsible for managing these risks; in this activity, the Management is supported by the Financial Department, which provides information on financial risks and suggests an appropriate risk management policy at Group level. The Financial Management provide assurance to Group Management that the activities involving financial risk are governed with appropriate corporate policies and with appropriate procedures and that financial risks are identified, assessed and managed in accordance with the requirements of the Group's policies and procedures. All activities derived for risk management purposes are directed and supervised by a team of specialists with adequate knowledge and experience. Group's policy doesn't allow to subscribe derivatives for trading or speculative purposes.

The Board of Directors reviews and approves the management policies of each of the risks set out below.

14.3.1.2 Interest rate risk

Interest rate risk is the risk that the *fair value* or future cash flows of a financial instrument will change due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is primarily related to long-term debt with variable interest rates.

The Group manages its interest rate risk through a balanced portfolio of loans and financing at fixed and variable interest rates. To manage this, the Group has signed contracts *cap* and *interest rate swaps* (IRS), which the Group agrees to exchange, at specified intervals, the amount of the difference between the fixed rate and the variable rate calculated by reference to an agreed amount of notional capital. These swaps are designated to hedge the underlying debt. At December 31, 2019, almost all Group loans are essentially fixed rate (in 2018 around 50% considering the effect of hedges).

Interest rate sensitivity

The Group's exposure to the risk of changes in market rates is connected only to the loan with Mediocredito with interest rate indexed to the Euribor, maturing in 2020. In fact, as already illustrated above, the main loans of the Group are in 2019 the bond loan, indexed to the 3-month EURIBOR, with floor at zero, while for 2018 and 2017 it was the IMI bank loan, indexed to EURIBOR 6 months, with floor at zero, on which hedging derivative instruments (Cap) insisted which had the effect of setting the EURIBOR at values equal to or less than 0.25%.

Given the level of the EURIBOR rates at the reporting dates (negative), the presence of the 0% floor on the main loans, the Cap on the IMI bank loan and the limited fluctuation range observed in the EURIBOR prices over the three financial years, the effect of reasonably possible changes in the EURIBOR rates would result in an immaterial economic impact.

14.3.1.3 Exchange rate risk

Exchange rate risk is the risk that the *fair value* or future cash flows of an exposure will change as a result of changes in exchange rates. The Group's exposure to the risk of exchange rate changes mainly refers to the Group's operating activities (when revenues or costs are denominated in a foreign currency) and to the Group's net investments in foreign subsidiaries.

The Group manages its currency exchange risk by covering the transactions that are expected to take place within a maximum period of 12 months for the expected sales hedges.

When derivatives are entered into for hedging purposes, the Group negotiates the terms of these derivatives so as to match them with the terms of the hedged exposure. As regards the hedging of expected transactions, derivatives cover the exposure period from the moment in which the cash flows of the transactions are expected at the time of payment of the resulting credit or debt denominated in foreign currency.

The performance by the Group of its activities also in countries outside the Euro area makes the exchange rate factor relevant.

The Group preliminarily defines the amount of the exchange risk on the basis of the budget for the period and subsequently hedges this risk gradually, along the order acquisition process, to the extent that the orders correspond to the budget forecasts. The hedging is carried out through specific forward currency sales contracts.

The management believes that the risk management policies adopted by the Group are adequate.

14 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

Forward foreign exchange contracts are designated as expected sales hedges in US dollars and South Korean won. These future transactions are highly probable and cover around 50% of the margin on total US dollar sales and the 75% margin on total sales in won South Koreans, provided for in the 12 months after the balance sheet date.

The balance of forward currency contracts varies with the change in the volume of sales expected in foreign currency and with the change in the forward exchange rates.

There is an economic relationship between the elements hedged and the hedging instruments since the terms of the exchange rate mirror of the terms of the highly probable future transactions (i.e. the notional amount and the expected payment date). To test the effectiveness of the hedge, the Group uses a method based on the determination of a hypothetical derivative that compares the changes in the *fair value* of the hedging instruments with the changes in the *fair value* of the hedged instruments deriving from the hedged risk.

The ineffectiveness of the hedge can occur due to:

- Differences in the timing of the cash flows generated by the underlying hedges and the hedging instruments;
- Different indices (and related different curves) related to the hedged risk of the underlying and hedging instruments;
- Different impact that the counterparty risk has on the *fair value* movements of the *hedging* instruments and of the underlying;
- Changes in the expected amounts of the cash flows of the underlying hedged items and of the hedging instruments.

Exchange rate sensitivity

The exposure to the risk of changes in exchange rates derives from operations in currencies other than the currency of the accounting name. The following table illustrates the sensitivity to a reasonably possible change in the exchange rate of the currencies to which the Group is exposed, with all other variables kept constant.

The effect on the Group result before taxes is due to changes in the *fair value* of monetary assets and liabilities, including any derivatives in foreign currency not designated as hedging instruments. The pre-tax impact on the other items of the Group's equity is attributable to changes in the *fair value* of the forward exchange contracts designated as cash flow hedges. The Group's exposure to changes in exchange rates for all other foreign currencies is not material.

Analysis as of December 31, 2019

	Euro appreciation scenario			**Euro depreciation scenario**		
Currency (Euro thousand)	**Effect on pre-tax**	**Pre-tax effect on other shareholders' equity items**	**Overall pre-tax effect on equity**	**Effect on pre-tax**	**Pre-tax effect on other shareholders' equity items**	**Overall pre-tax effect on equity**
AED	(70)	0	**(70)**	70	0	**70**
AUD	(14)	0	**(14)**	14	0	**14**
CHF	(27)	0	**(27)**	27	0	**27**
CNY	(193)	0	**(193)**	193	0	**193**
GBP	(237)	0	**(237)**	237	0	**237**
HKD	(109)	0	**(109)**	109	0	**109**
JPY	(167)	0	**(167)**	167	0	**167**
KRW	(501)	615	**114**	501	(615)	**(114)**
MOP	(27)	0	**(27)**	27	0	**27**
TWD	(64)	0	**(64)**	64	0	**64**
USD	(754)	745	**(9)**	754	(745)	**9**

Analysis as of December 31, 2018

	Euro appreciation scenario	**Euro depreciation scenario**

Currency (Euro thousand)	Effect on pre-tax	Pre-tax effect on other shareholders' equity items	Overall pre-tax effect on equity	Effect on pre-tax	Pre-tax effect on other shareholders' equity items	Overall pre-tax effect on equity
CHF	(63)	0	**(63)**	63	0	**63**
CNY	(90)	0	**(90)**	90	0	**90**
GBP	(83)	0	**(83)**	83	0	**83**
HKD	(33)	0	**(33)**	33	0	**33**
KRW	(353)	0	**(353)**	353	0	**353**
USD	(732)	0	**(732)**	732	0	**732**

Analysis as of December 31, 2017

	Euro appreciation scenario			Euro depreciation scenario		
Currency (Euro thousand)	Effect on pre-tax	Pre-tax effect on other shareholders' equity items	Overall pre-tax effect on equity	Effect on pre-tax	Pre-tax effect on other shareholders' equity items	Overall pre-tax effect on equity
GBP	(31)	0	**(31)**	31	0	**31**
HKD	(37)	0	**(37)**	37	0	**37**
KRW	(232)	0	**(232)**	232	0	**232**
USD	(549)	0	**(549)**	549	0	**549**

The fluctuation range considered for each currency is shown below, for the three financial years presented:

	range		
Currency	31.12.2019	31.12.2018	31.12.2017
AED	+/−2.9%	n.a.	n.a.
AUD	+/−2.8%	n.a.	n.a.
CHF	+/−2.9%	+/−3.3%	n.a.
CNY	+/−2.9%	+/−4.3%	n.a.
GBP	+/−5.4%	+/−2.5%	+/−5.4%
HKD	+/−2.9%	+/−5.2%	+/−7.8%
JPY	+/−4.6%	n.a.	n.a.
KRW	+/−4.0%	+/−4.1%	+/−6.8%
MOP	+/−2.9%	n.a.	n.a.
TWD	+/−3.1%	n.a.	n.a.
USD	+/−2.9%	+/−5.2%	+/−7.4%

14.3.1.4 Credit risk

Credit risk is the risk that a counterparty will not fulfill its obligations related to a financial instrument or to a commercial contract, thus leading to a financial loss. The Group is exposed to credit risk deriving from its operating activities (especially for trade receivables) and from its financing activities, including deposits with banks and financial institutions, operations in foreign currency and other financial instruments.

<u>Trade receivables</u>

Commercial credit risk is managed by the policy established by the Group and according to the procedures and controls established for the management of credit risk. The credit quality of customers is assessed on the basis of an analytical credit rating sheet; individual credit limits are also established for all customers based on this assessment.

The Group's credit management strategy provides for new customers to apply a 30% payment condition on order confirmation and the remaining 70% upfront. These payment terms are maintained for the supply of at least two seasons and then move on to an average deferred payment of 30-60 days.

As of December 31, 2019, the Group has around 30 customers (2018: 27 customers, 2017: 29 customers) with a balance greater than Euro 200 thousand each which together represent around 54% (2018: 43%, 2017: 45%) of all trade receivables.

At each balance sheet date, an impairment analysis is carried out on trade receivables, using a matrix for measuring expected losses. The write-down percentages are determined based on the expired days and by grouping the receivables from customers which are characterized by similar causes of impairment (geographical area, presence of guarantees or other type of insurance). The calculation is based on the probability of credit recovery, and information on past events that are available on the reporting date, current conditions and expected market scenarios.

The Group makes use of insurance and credit factoring instruments, without discount receivables and solely for the purpose of credit management and insurance. As of December 2019, the receivable transferred to factor related to three distributing customers of Golden Goose S.pa for Euro 3,259 thousand. As regards the receivables deriving from the supply to the US market, the factoring company approves each individual order and manages its collection.

At 31 December 2019, 27% (2018: 12%, 2017: 5%) of the Group's trade receivables are covered by forms of insurance.

The Group believes that the risk associated with the concentration of trade receivables and contract activities is low, as its customers are located in different countries and operate in largely independent markets.

Below is the information on the exposure to credit risk on trade receivables and on the activities deriving from the Group contract, using a write-down matrix:

December 31, 2019

	Days past due					
(Euro thousand)	**Current**	**<30 days**	**30 - 60 days**	**61 - 90 days**	**>91 days**	**Total**
Expected loss rate	0.27%	1.72%	2.57%	16.77%	51.41%	
Estimated gross carrying amount at risk	28,804	4,010	919	856	4.629	**39.218**
Expected credit loss	76	69	24	144	2.380	**2.692**

December 31, 2018

	Days past due					
(Euro thousand)	**Current**	**<30 days**	**30 - 60 days**	**61 - 90 days**	**>91 days**	**Total**
Expected loss rate	0.93%	1.89%	3.34%	17.45%	94.03%	
Estimated gross carrying amount at risk	27,506	3,655	948	518	2,187	**34,815**
Expected credit loss	256	69	32	90	2,057	**2,504**

December 31, 2017

	Days past due					
(Euro thousand)	**Current**	**<30 days**	**30 - 60 days**	**61 - 90 days**	**>91 days**	**Total**
Expected loss rate	1.00%	2.13%	3.65%	11.42%	55.42%	
Estimated gross carrying amount at risk	23,791	3,287	1,116	1,162	3,578	**32,933**
Expected credit loss	237	70	41	133	1,983	**2,463**

Financial instruments and bank deposits

Credit risk relating to relations with banks and financial institutions is managed by the Group treasury in accordance with the Group's policy. The Group operates exclusively with leading banks and therefore considers the credit risk relating to balances to financial counterparties to be insignificant.

14.3.1.5 Liquidity risk

The Group monitors the risk of a liquidity shortage by using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity in the availability of funds and flexibility of use through the use of instruments such as bank overdrafts, bank loans, bonds, preference shares, leasing contracts.

At December 31, 2019, 76% of the Group's debt matured in less than one year (2018: 20%, 2017: 16%), calculated on the basis of the book value of the payables in the financial statements. It should be remembered that the increase in the portion of debt with a maturity of less than one year is due to the aforementioned intention of the Management to proceed with the early repayment of the existing debt, originally with a contractual maturity beyond 12 months, following the acquisition of the Group from the *Permira* fund. Access to funding sources is sufficiently available and debts falling due within 12 months can be extended with existing lenders.

The table below summarizes the maturity profile of the Group's financial liabilities on the basis of the contractual payments not discounted. It should be noted that for the item "Loans and financing" at December 31, 2019 the debt related to the bond loan was classified as current, based on the prospect of early repayment of the same, following the acquisition of the Group by the *Permira* fund. In the absence of this scenario, the bond loan would have been represented for Euro 4,095 thousand in the "less than 3 months" bracket, Euro 12,375 thousand "from 3 to 12 months", Euro 65,745 thousand "from 1 to 5 years" (interest payments) and Euro 263,805 thousand "> 5 years" (interest payment and repayment of principal).

As of December 31, 2019	At sight	Less than 3 months	From 3 to 12 months	From 1 to 5 years	>5 years	Total
Financing and loans		601	248,190			248,791
Leasing liabilities	0	4,608	13,486	52,616	32,829	103,539
Other financial liabilities		161				161
Financial derivative instruments			195			195
Commercial debts	8,500	28,227	18,267	6	0	55,000
Total	**8,500**	**33,597**	**280,138**	**52,622**	**32,829**	**407,686**

As of December 31, 2018	At sight	Less than 3 months	From 3 to 12 months	From 1 to 5 years	>5 years	Total
Financing and loans		586	12,015	56,916	80,600	150,117
Leasing liabilities	0	2,598	7,785	34,405	28,199	72,986
Other financial liabilities		137				137
Liabilities for the purchase of a Korean distributor			2,000			2,000
Commercial debts	5,190	32,005	6,172	0	0	43,367
Total	**5,190**	**35,326**	**27,972**	**91,320**	**108,799**	**268,608**

As of December 31, 2017	At sight	Less than 3 months	From 3 to 12 months	From 1 to 5 years	>5 years	Total
Financing and loans		596	11,171	56,551	93,566	161,884
Leasing liabilities	0	1,151	3,329	18,413	20,510	43,403
Other financial liabilities		214				214
Liabilities for the purchase of a Korean distributor			2,000	2,000		4,000
Commercial debts	9,467	27,123	4,223	0	0	40,822
Total	**9,467**	**29,084**	**20,724**	**76,964**	**114,076**	**250,323**

Guarantees

The Group does not hold restricted cash or guarantees on cash.

Changes in liabilities deriving from financing activities

Details of the changes in the size of financial liabilities for the three financial years under review are shown below.

(Euro thousand)	01.01.2017	Changes in consolidation scope	New loans	Repayments	Change in exchange rates	Non-monetary IFRS16 changes	Reclassification	Other	31.12.2017
Current loans and financing									
Leasing liabilities	0	1,867		(2,245)		723	1,596		1,942
€2,500,000 Carige bank loan	0	1,001		(1,001)			1,002		1,002
€160,000,000 IMI bank loan	0		1,108	(1,108)			3,098		3,098
€4,000,000 Mediocredito bank loan	0	612		(612)			1,143		1,143
Other current financial liabilities	0	48,685		(48,603)				1,802	1,883
Total current financial liabilities	**0**	**52,165**	**1,108**	**(53,569)**	**0**	**723**	**6,839**	**1,802**	**9,068**
Non-current loans and financing									
Leasing liabilities	0	20,407			8	13,380	(1,596)		32,199
€2,500,000 Carige bank loan	0	1,002					(1,002)		0
€160,000,000 IMI bank loan	0		123,265				(3,098)	339	120,506
€4,000,000 Mediocredito bank loan	0	2,857					(1,143)		1,714
Other non- current financial liabilities	0							1,906	1,906
Total non-current financial liabilities	**0**	**24,266**	**123,265**	**0**	**8**	**13,380**	**(6,839)**	**2,245**	**156,325**

Total financial liabilities	**0**	**76,431**	**124,373**	**(53,569)**	**8**	**14,104**	**0**	**4,047**	**165,393**

The "Change in consolidation scope" reflects the acquisition of the Golden Goose group by the parent company at the time called August 2013 S.p.A. (later to become Golden Goose S.p.A.). The other current financial liabilities acquired refer to the senior loan and the vendor loan of the acquired group, subject to subsequent extinction (the cash flow statement shows this repayment, together with the consideration for the acquisition, and net of the cash and cash equivalents of the acquired group and others minor elements, within the item "Merger / Acquisitions / Cessation of subsidiaries or business units net of cash and cash equivalents").

The column "Other", referring to Other financial liabilities, both current and non-current, mainly includes the deferred consideration linked to the acquisition of the Korean distributor, regulated in 2018 and completely extinguished in 2019. As regards the IMI bank loan, the Euro 339 thousand refers to accrued interest deriving from the application of the amortized cost method.

The column "Non-monetary IFRS16 changes" refers to new liabilities deriving from the commencement of new rental contracts, recognized against a corresponding increase in the item Rights of use asset.

(Euro thousand)	**31.12.2017**	**New loans**	**Refunds**	**Change in exchange rates**	**Non-monetary IFRS16 changes**	**Reclassification**	**Other**	**31.12.2018**
Current loans and financing								
Leasing liabilities	1,942		(5,487)		3,499	7,147		7,100
€2,500,000 Carige bank loan	1,002		(1,002)					0
€160,000,000 IMI bank loan	3,098		(3,530)			5,863		5,431
€4,000,000 Mediocredito bank loan	1,143		(1,143)			1,714		1,714
Other current financial liabilities	1,883	4	(1,883)			1,906	132	2,042
Total current financial liabilities	**9,068**	**4**	**(13,045)**	**0**	**3,499**	**16,629**	**132**	**16,287**
Non-current loans and financing								
Leasing liabilities	32,199			(13)	26,362	(7,147)		51,401
€2,500,000 Carige bank loan	0							0
€160,000,000 IMI bank loan	120,506					(5,863)	435	115,078
€4,000,000 Mediocredito bank loan	1,714					(1,714)		0
Other non-current financial liabilities	1,906					(1,906)		0
Total non-current financial liabilities	**156,325**	**0**	**0**	**(13)**	**26,362**	**(16,629)**	**435**	**166,479**
Total financial liabilities	**165,393**	**4**	**(13,045)**	**(13)**	**29,861**	**0**	**567**	**182,766**

The column "Other", as regards the IMI bank loan, refers to the accrued interest deriving from the application of the amortized cost method.

(Euro thousand)	**31.12.2018**	**New loans**	**Refunds**	**Change in exchange rates**	**Non-monetary IFRS16 changes**	**Fair value changes**	**Reclassification**	**Other**	**31.12.2019**
Current loans and financing									
Leasing liabilities	7,100		(10,005)	10	5,554		9,393		12,052
€160,000,000 IMI bank loan	5,431		(5,431)						0
€4,000,000 Mediocredito bank loan	1,714		(1,143)						571
€240,000,000 bond loan pool financing	0						231,021	9,368	240,388
Other current financial liabilities	2,042	24	(2,025)			195		119	356
Total current financial liabilities	**16,287**	**24**	**(18,604)**	**10**	**5,554**	**195**	**240,414**	**9,486**	**253,367**
Non-current loans and financing									
Leasing liabilities	51,401			306	30,691		(9,393)		73,005
€160,000,000 IMI bank loan	115,078		(119,072)					3,994	0
€240,000,000 bond loan pool financing	0	231,021					(231,021)		0
Other non-current financial liabilities	0								0

Total non-current financial liabilities......	**166,479**	**231,021**	**(119,072)**	**306**	**30,691**	**0**	**(240,414)**	**3,994**	**73,005**
Total financial liabilities	**182,766**	**231,045**	**(137,675)**	**316**	**36,246**	**195**	**0**	**13,480**	**326,372**

During the year, the IMI bank loan was early repaid; the amount of Euro 3,994 thousand in the "Other" column refers to the initial charges still suspended at amortized cost which were expensed following this early repayment. The financial resources to proceed with this early repayment were obtained through the issue of the bond loan, for a nominal value of Euro 240,000 thousand (Euro 231,021 thousand net of the incremental costs related to its issue). This bond loan, contractually with non-current maturity, at the end of the year was reclassified as current liability following the acquisition of the Group by the *Permira* fund and the consequent prospect of early repayment in 2020 (the amount of Euro 9,368 thousand reflects the revision of the cash flows considered in the amortized cost following the expected early repayment).

The column "Fair value changes" refers to hedging derivatives entered into on currencies, in existence at 31 December 2019.

For all three of the periods presented in column "Reclassification" includes the effects of the reclassification from "current" not "current" of some of the financing and interest-bearing loans, including lease obligations, related to the passage of time.

The Group classifies interest paid as cash flows from operating activities.

15 DEFERRED TAX ASSETS

For the composition of the item relating to deferred tax assets, please refer to the comments in the income statement and specifically in the section concerning taxes.

16 OTHER NON-CURRENT ASSETS

"Other non-current assets" mainly includes guarantee deposits thrown at the time of store openings, to guarantee the lease or its users.

The most significant deposits include those relating to stores in China (Euro 835 thousand), Hong Kong (Euro 740 thousand), Korea (Euro 470 thousand) and Las Vegas (Euro 440 thousand).

17 INVENTORIES

Inventories are made up as follows:

(Euro thousands)	31.12.2019	31.12.2018	31.12.2017	01.01.2017
Raw, ancillary and consumable materials	532	3,780	239	—
Work in progress and semi-finished products	—	22	77	—
Finished products and goods	44,911	26,340	19,935	—
Total inventories...	**45,443**	**30,141**	**20,250**	**—**

The increasing trend of the value of inventories is mainly due to the increase in turnover.

The values of inventories expressed in the financial statements do not differ appreciably compared to a valuation at current costs.

Inventories are net of the inventory write-down fund deemed appropriate for the purpose of a prudent evaluation of the finished products of previous collections and of the raw materials no longer used. The changes in the inventory write-down fund are shown below.

The obsolescence allowances on inventories at the balance sheet date amounts to Euro 6,559 thousand. (Euro 3,744 in 2018 and Eur 5,166 in 2017).

(Euro thousands)	2017	2018	2019
Opening balance	0	5,166	3,744
Change in consolidation scope..	2,737		
New provisions...	2,429	1,911	3,010
Utilization..		(3,334)	(194)

Closing balance	5,166	3,744	6,560

During the 2019 financial year, utilization and new provisions to the fund were recorded for a total net value of Euro 2,816 thousand.

18 TRADE RECEIVABLES

The balances of consolidated receivables, after the elimination of intragroup values, are thus exposed according to the due dates.

(Euro thousands)	31.12.2019	31.12.2018	31.12.2017	01.01.2017
Gross value of trade receivables	39,217	34,815	32,933	—
Allowance for doubtful accounts	(2,692)	(2,504)	(2,463)	—
Trade receivables net value	**36,524**	**32,311**	**30,470**	**—**

The "Trade receivables" includes all trade receivables for a total of Euro 36,524 thousand miles (Euro 32,331 thousand in 2018 and Euro 30,470 thousand in 2017), accounted at their nominal value and represented in the financial statements net of bad debt provision which amounts to Euro 2,692 thousand (Euro 2,504 thousand in 2018 and Euro 2,463 thousand in 2017).

The adjustment of the receivables to their presumed realizable value is obtained by allocating a special provision calculated on the basis of the examination of the individual credit positions and with the criterion of *expected credit losses* as required by IFRS 9. The existing provision year-end represents a prudential estimate of the existing risk. The movement of the fund is shown below:

(Euro thousand)	2017	2018	2019
Opening balance		2,463	2,504
Change in consolidation scope	1,980		
New provisions	588	750	705
Utilization	(104)	(709)	(517)
Closing balance	2,463	2,504	2,692

19 CURRENT TAX ASSETS

"Current tax assets" of Euro 5,696 thousand refer to advance tax disbursement paid by the parent company for Euro 5,435 thousand and by foreign companies of the Group for the remaining part.

20 OTHER CURRENT NON-FINANCIAL ASSETS

The breakdown is as follows:

(Euro thousands)	31.12.2019	31.12.2018	31.12.2017	01.01.2017
VAT credit	1,427	290	3,093	—
Advances to suppliers	477	369	23	—
Sundry receivables	2,104	1,165	1,150	—
Deferred income	1,847	698	1,660	—
Total Other current non-financial assets	**5,854**	**2,522**	**5,926**	**—**

The item "VAT Credit" mainly includes the credit balance of Golden Goose S.p.A. for Euro 609 (Euro 2,092 thousand in 2018) and of Golden Goose Korea Euro 850 thousand (Euro 573 thousand in 2018).

Sundry receivables mainly include transitional accounts linked to collection with payment instruments such as *paypal, adyen* and credit cards.

Accrued income and prepaid expenses measure income and charges whose competence is advanced or postponed with respect to the numerical and / or documental event; they disregard the date of payment or collection of the related income and charges, common to two or more financial years and spread over time.

"Sundry receivables" includes the receivable from related party L'Ermitage for grants to renovate the building properties of Euro 898 thousand (see Note 45).

The criteria adopted in the evaluation and conversion of the values expressed in foreign currency are reported in the first part of these explanatory notes.

At December 31, 2019, there are no accruals and deferrals with a duration of more than five years.

21 CASH AND CASH EQUIVALENTS

At the balance sheet date, the balance of available funds is made up as follows:

(Euro thousand)	31.12.2019	31.12.2018	31.12.2017	01.01.17
Bank deposits	27,074	17,416	10,575	10
Cash	150	137	89	—
Total cash and cash equivalents	**27,224**	**17,553**	**10,664**	**10**

At 31 December 2019 the cash and cash equivalents amounted to Euro 27,224 thousand (Euro 17,553 thousand at December 31, 2018 and Euro 10,664 thousand at December 31, 2017) and is entirely represented by liquid bank deposits. Please refer to the cash flow statement for the analysis of events that led to changes in cash and cash equivalents.

22 SHAREHOLDERS' EQUITY

Authorized, issued and fully released shares	2019	2018	2017
At the beginning of the year	1,004,341	1,004,341	50,000
Issue of shares aimed at the acquisition of the Golden Goose S.p.A. group, for €1 each	0	0	947,696
At the end of the year	**1,004,341**	**1,004,341**	**1,004,341**

The issuance of 2017 shares took place in two phases, with the issue dated March 6, 2017 of 947,696 shares (767,132 category "A" shares, 157,807 Class "B" and the remaining 22.757 of category "C") and a further 6,645 shares issued on May 12, 2017. On September 27, 2018 all the shares were automatically converted into category "A" shares.

Distribution of dividends made and proposals

The dividends were approved by the Extraordinary Shareholders' Meeting held on June 14, 2019, for an amount equal to Euro 125,000 thousand, fully paid during 2019.

Share option plans

As of December 31, 2019, the Group has 3 share option plans, the first assigned in 2017 and the other two in 2019. Based on these plans, some executives and employees have been granted options to subscribe for the company's shares.

The reduction in the equity component relates to the buyback made by the company in 2018.

22.1 STOCK INCENTIVE PLANS

The stock option plans, assigned to top management in 2017 and extended to a wider audience of employees in 2019, provide for the possibility for incentivized parties to subscribe to a predetermined number of category "D" shares in cases where the Shareholder sells directly or indirectly all or part of its share package ("Exit Event"), in case of *filing* of a prospectus aimed at admitting the Group's shares to trading on a regulated market ("Listing Event"), or November 29, 2026 ("Expiry Date") if the options had not already been exercised by virtue of the events mentioned above. In case of an Exit Event, the Shareholder has the right to repurchase the options themselves, to purchase the shares deriving from the exercise of the options or to have the Group Buyer purchase these shares. The options are freely transferable, with the option of the Group to repurchase them. In the event of termination of the employment relationship with the incentivized employee, the Group has the option, subject to certain conditions, to repurchase the options of the terminated employee. The plans do not provide for performance, market or service conditions for accrual. In light of the foregoing, the Group recognizes these plans as "equity settled", the accrual of which occurs immediately with the assignment of the plan itself.

During 2018, the Group repurchased the stock options assigned to a director, following the termination of the assignment. Similarly, the Group repurchased the stock options of another retired employee in 2019.

In 2019, following the distribution of Euro 125,000 thousand as dividend, the Group proceeded to re-determine the strike prices of the options, so as to keep the equity rights of the holders of the stock options unchanged.

The cost recognized for the services received by employees during the financial years is equal to:

- Euro 926 thousand for 2017;

- Euro 0 for 2018;

- 2,482 euros for 2019.

The following tables list the information considered in models used for the valuation of the three plans assigned in years 31 December 2019 and 31 December 2017 (in 2018 no new plans were assigned):

	2019	2017
Weighted fair value at the measurement date	From €4.07 to €76.11	From €6.35 to €9.15
Expected volatility (%)	27.9% to 30.1%	27.8%
Discount for illiquidity	30%	30%
Free risk interest rate (%)	German Bund (from −0.631% in 1 year up to −0.135% in 7 years)	German Bund (−0.696% in 1 year up to 0.121% in 7 years)
Number of options assigned	141,299	119,438
Price of the underlying share (€)	From €382.40 to €468.07	€270.90
Model adopted	Black Scholes, weighting a basket of options with maturities from 1 to 7 years with the estimated probability of occurrence of the Shareholder Exit Event	

As of December 31, 2017, all the options issued were still in circulation (no. 119,438), and with the repurchase of no. 46,044 options occurred in 2018 the total outstanding at December 31, 2018 was equal to no. 73,394. The assignments in 2019 (equal to a total of 141,299 options), net of the repurchases of the period (2,025 options), bring the total options in circulation at December 31, 2019 to nr. 212,668 options. In the three periods considered, no options were exercised or expired.

It should be noted that the expected useful life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

23 PROVISIONS FOR SEVERANCE INDEMNITIES

The composition of the item includes the allocation of the severance indemnity and is detailed as follows:

(Euro thousand)	31.12.2019	31.12.2018	31.12.2017
Opening balance	823	606	—
Perimeter change 28.02.17	—	—	491
Cost of service	244	177	122
Net interest	11	7	5
Benefits paid	(126)	(86)	(29)
Actuarial gains (losses)	260	31	16
Other	(93)	87	1
Closing balance	**1,119**	**823**	**606**

As of January 1, 2017, the Group had no defined benefit plans in place, which entered the Group perimeter with the acquisition in 2017 and consequently the value at the beginning of the year for 2017 refers to the date of 01.03.2017.

Liabilities for **defined benefit plans** (provision for severance indemnity) were assessed with the support of actuarial experts and carried out on the basis of the “accrued benefits” methodology through the Project Unit Credit Method as required by IAS 19. This method is substantiated in assessments that express the average present value of the pension obligations accrued based on the service that the worker has provided up to the time when the assessment itself is carried out, not projecting the employee’s wages according to the regulatory changes introduced by the recent Social Security Reform. The calculation methodology can be schematized in the following phases:

- projection for each employee in force on the valuation date, of the severance indemnity already set up to the random future time of payment;

- determination for each employee of the probable severance indemnity payments to be made by the company in the event of the employee leaves the company because of dismissal, resignation, incapacity, death and retirement as well as against requests for advances;

- discounting, at the valuation date, of each probable payment.

The actuarial model for the evaluation of the provision for severance indemnity is based on various hypotheses, both demographic and economic—financial. The hypotheses of the model are:

Economic technical assumptions	31/12/2019	31/12/2018	31/12/2017	28/02/2017
Annual discount rate	0.77%	1.57%	1.30%	1.29%
Annual inflation rate	1.20%	1.50%	1.50%	1.50%
Annual prov. for sev. ind. increase rate	2.40%	2.63%	2.63%	2.63%
Annual salary increase rate	0.50%	0.50%	0.50%	0.50%

Technical demographic assumptions	
Death	RG48 tables published by the State General Accounting Office
Disability	INPS tables distinguished by age and gender
Retirement	100% upon reaching the AGO requirements adequate to the decree n.4 / 2019

Annual turnover frequencies and severance indemnity advance	
Anticipation frequencies	0.5%
Turnover frequencies	5.0%

The provision does not include the indemnities accrued since 1 January 2007, intended for supplementary pension schemes pursuant to Legislative Decree no. 252 of December 5, 2005 (or transferred to the INPS treasury).

There are no amounts of severance indemnity relating to terminated employment contracts, whose payment has expired before 31/12/2019 or will expire in the following year. The uses of the year refer only to liquidations for voluntary resignations. In the financial year after 31/12/2019, the payment to provision for severance indemnity employees is not expected following incentive resignations and corporate restructuring plans.

23 PROVISIONS FOR SEVERANCE INDEMNITIES

The following table highlights the effects that would have had on the defined benefit obligation following the reasonably possible changes in the actuarial assumptions relevant at the end of the year:

Sensitivity analysis of the main valuation parameters at 31 December 2019	change (Euro thousand)
Turnover rate + 1.00%	(20)
Turnover rate − 1.00%	23
Inflation rate + 0.25%	31
Inflation rate − 0.25%	(30)
Discount rate + 0.25%	(38)
Discount rate − 0.25%	39

24 DEFERRED TAX LIABILITIES

For the breakdown of the item relating to deferred taxes, please refer to what is reported in the comments on the income statement and specifically in the section concerning taxes.

25 PROVISIONS FOR RISKS AND CHARGES (CURRENT AND NON-CURRENT)

Among the provisions for non-current risks and charges, the Group allocates the "Provisions for retirement benefits". The fund includes the provisions made as supplementary customer indemnity and termination of agency relations; it is intended to cover the indemnity due to agents when the mandate is terminated.

The supplementary customer indemnity fund is set aside on the basis of regulatory provisions and collective economic agreements regarding situations of probable interruption of the mandate given to agents for reasons attributable to the principal.

The provisions are entered at the value representative of the best estimate of the amount that the company would pay to extinguish the obligation or to transfer it to third parties at the end of the period.

The movement of these funds is shown below (in euro thousand):

Description	01.01.17	Variation on consolidation scope	increases	decreases	31.12.17
Supplementary customer indemnity provision	—	185	—	—	185
Provision for ongoing lawsuits in the Netherlands	—	—	600	—	600
Other provisions for non-current risks	—	10	63		73
TOTAL	**—**	**195**	**663**	**—**	**858**

Description	01.01.18	Variation on consolidation scope	increases	decreases	31.12.18
Supplementary customer indemnity provision	185	—	72	(52)	205
Provision for ongoing lawsuits in the Netherlands	600	—		(600)	—
Other provisions for non-current risks	73	—	258	(73)	258
TOTAL	**858**	**—**	**330**	**(725)**	**463**

Description	01.01.19	Variation on consolidation scope	increases	decreases	31.12.19
Supplementary customer indemnity provision	205	—	29	(68)	166
Other provisions for non-current risks	258	—	119	(258)	119
TOTAL	**463**	**—**	**148**	**(326)**	**285**

The item "Other provisions" includes the estimate of future liabilities deemed probable and reasonably estimable in the amount. At the end of 2019, this item amounted to Euro 119 thousand. At the end of 2018, the item Other provisions included a fund set aside by Golden Goose Shanghai (Trading) for Euro 146 thousand and a fund of Euro 109 thousand in Golden Goose S.p.A.. At December 31, 2017, it included a provision of approximately Euro 600 thousand relating to a lawsuit pending at the Group's branch or country.

The Group distinguishes non-current provision for risks and charges from current ones. The latter item includes the return liability which is an estimate of the persistent returns on products sold during the year, but which could be returned by customers in the following years. The Returns Fund at the end of the 2019 financial year amounts to Euro 2,049 thousand, Euro 2,020 thousand at the end of 2018 and Euro 1,460 thousand at the end of 2017.

26 TRADE PAYABLES

(Euro thousands)	31.12.2019	31.12.2018	31.12.2017	01.01.2017
Trade payables	55,000	43,367	40,822	4
Total trade payables	**55,000**	**43,367**	**40,822**	**4**

They are recorded net of commercial discounts; cash discounts are instead recognized at the time of payment. The nominal value of these payables was adjusted, on the occasion of returns or rebates (invoicing adjustments), to the extent corresponding to the amount defined with the counterparty.

27 OTHER CURRENT NON-FINANCIAL LIABILITIES

The entry is composed as follows:

(Euro thousand)	31.12.2019	31.12.2018	31.12.2017	01.01.17
VAT payable	1,557	231	397	—
Payables to social security institutions	895	565	328	—
Advances from customers	1,877	1,207	850	—
Sundry payables	7,039	4,020	3,540	—
				—
Total Other current non-financial liabilities	**11,368**	**6,022**	**5,116**	**—**

Payables to social security institutions mainly refer to payables for social security contributions pertaining to the year 2019, 2018 and 2017 paid respectively on 20 20, 2019 and 2018.

The item Advances from customers (included among the liabilities Legal under dell'IFRS15) includes advances received from customers for the supply of goods and services not yet performed. These advances are recognized as revenue when control of the assets is transferred to customers. The item "Sundry payables" mainly refers to payables to employees (remuneration, bonuses and deferred charges).

28 CURRENT TAX LIABILITIES

At December 31, 2019, current tax liabilities amounted to Euro 13,237 thousand (Euro 899 thousand at December 31, 2018, Euro 1,687 thousand at December 31, 2017 and zero at January 1, 2017). The debt refers to IRES, IRAP as well as current taxes of foreign subsidiaries.

29 COMMITMENTS AND GUARANTEES

Guarantees and guarantees given

(Euro thousand)	31/12/2019	31/12/2018	31/12/2017
Sureties in favor of third parties and companies	6,490	3,530	1,563
Total	**6,490**	**3,530**	**1,563**

The guarantees refer to rental contracts for the points of sale and the increase over the three years is strictly related to the opening of new points of sale in the countries where the Group operates.

30 CONSOLIDATED PROFIT AND LOSS—NET TURNOVER

Please refer to the information contained in the Management Report for a complete analysis of the evolution of costs and revenues and—more generally of the entire Profit and loss statement.

The tables listed below show the sales revenues for the year 2019 analyzed by business categories and the main sales channels. The data for the year is then compared to the previous year and to the first 10 months of 2017 (from the date of acquisition of the Golden Goose group) in order to provide an exhaustive comparison situation in terms of continuity of industrial and commercial activity.

The values below and are expressed in thousands of Euros:

Revenues by product type

(Euro thousand)	2019	2018	2017
Sales of goods and raw materials	1,799	169	243
Product sales	261,577	186,795	114,227
Accessory sales	—	0	28
Total	**263,376**	**186,964**	**114,499**

Revenues by category

(Euro thousand)	2019	2018	2017
Main revenues	262,756	187,504	115,464
Revenue adjustments	(1,179)	(709)	(1,236)
Other revenues	1,799	169	272
Total	**263,376**	**186,964**	**114,499**

Revenues by distribution channel

(Euro thousand)	2019	2018	2017
Wholesale	142,834	121,705	98,647
Retail	103,411	58,552	13,577
Web	15,009	6,707	2,102
Other	2,122	0	174
Total	**263,376**	**186,964**	**114,499**

During the 2019 financial year, the retail distribution channel achieved revenues of Euro 103,411 thousand compared to Euro 58,552 thousand in 2018, with an increase of 77%, thanks to significant organic growth and the development of the network of single-brand stores.

The *wholesale* channel reported revenues of Euro 142,834 thousand compared to Euro 121,705 thousand in 2018, an increase of 17%.

Revenues by geographical area

Referring to the characteristic revenues, that is the sale of finished products, the following is an analytical indication of the geographical segments that represent the Group's main revenue lines:

(Euro thousand)	2019	2018	2017
Italy	42,500	40,573	34,160
Emea	74,007	53,085	22,657
USA	70,888	34,639	17,085
Apac	73,860	57,665	40,597
Other	2,122	1,002	0
Total	**263,376**	**186,964**	**114,499**

Return rights assets and refund liabilities

The details of the assets recognized against estimated returns to be received, entered at cost value, are shown below

(Euro thousand)	31.12.2019	31.12.2018	31.12.2017
Activities for return rights	303	845	628

31 Cost of goods sold

The following table shows the entries and the relative amounts pertaining to the cost of goods sold:

(Euro thousand)	2019	2018	2017
Consumes of raw materials and finished products			
Purchase cost of goods net of change in inventories	65,273	54,812	37,854
Provision for obsolescence allowances on inventories	3,010	1,911	1,599
Raw materials and consumables used	8,558	7,640	5,478
Third part works	2,328	1,993	107
Personnel cost	7,088	5,492	4,631
Other production costs	3,122	4,095	2,060
Inbound Transport Costs	10,626	5,784	3,476
Cost per Samples	3,226	2,289	1,519
Industrial depreciation	141	117	81
Total cost of good sold	**103,372**	**84,133**	**56,806**

In 2019, the cost of goods sold has increased in absolute terms of Euro 19,239 thousand from Euro 84,133 thousand of 2018 to Euro 103,372 thousand in 2019. The overall growth is attributable to the growth in sales volumes and to the expansion of the retail channel. The +23% increase in the Cost of Goods sold compared to the +29% increase in turnover indicates a lower incidence on turnover (30% against 35% in 2018).

32 General and Administration expenses

The item is composed in detail as indicated below:

(Euro thousand)	2019	2018	2017
General and administrative expenses			
Non-industrial depreciation	2,936	2,271	9,377
Non-Industrial ROU depreciation	510	858	450
Cost of G&A personnel	5,671	2,066	130
Other Operating Costs	22,999	11,153	18,774
Other Operating Income	(1,065)	(710)	(838)
Total	**31,052**	**15,639**	**27,893**

The item Other operating costs consists primarily of consulting and costs for transfers. The residual mainly includes bank commissions, utilities, annual software licenses, maintenance, charges incurred for taxes, duties and taxes not related to business income, gifts to customers, supervision, staff training, entertainment expenses.

33 Selling and distribution costs

The item is composed in detail as indicated below:

(Euro thousand)	2019	2018	2017
Selling and distribution costs			
Depreciation of stores	16,144	8,439	3,330
Other commercial expenses	129	92	70
Cost of shops' staff	18,224	10,295	3,878
Variable commissions on sales	9,892	7,424	1,354
Remuneration to agents	835	6,951	3,673
Distribution logistics	2,303	1,117	511
Credit Management Costs	2,124	1,432	833
Total	**49,650**	**35,749**	**13,649**

Selling expenses grew both in absolute terms, with an increase of Euro 13,900 thousand between 2018 and 2019, attributable to the development of the retail business. This mainly relates to amortization expenses of Euro 16,144 thousand (Euro 8,439 thousand in 2018), Cost of shops' staff of Euro 18,224 thousand (Euro 10,295 thousand in 2018) and variable commissions on sales of Euro 9,892 thousand (Euro 7,424 thousand in 2018).

34 Marketing and Advertising

The item is composed in detail as indicated below:

(Euro thousand)	2019	2018	2017
Marketing and advertising			
Marketing and advertising	6,064	7,623	3,743
Personnel cost	1,545	803	284
Total	**7,608**	**8,426**	**4,028**

35 SUMMARY OF COSTS BY NATURE

The following are details of the nature of the total of personnel costs and of the total cost of depreciation with indication of the item in the income account of destination:

35.1 Personnel cost

(Euro thousand)	2019	2018	2017
Included in the cost of goods sold	7,088	5,492	4,631
Included in the general and administrative expenses	5,671	2,066	130
Included in marketing expenses	1,545	803	284
Included in sales and distribution costs	18,224	10,295	3,878
Total personnel costs	**32,528**	**18,655**	**8,923**

The item includes the entire expense for employees including improvements in merit, category changes, contingency shots, cost of unused holidays, result bonuses, provisions of law and those relating to collective agreements.

Details of the composition of personnel costs are given below:

(Euro thousand)	2019	2018	2017
Wages and salaries	23,773	12,175	6,148
Social charges	3,769	2,394	1,269
Employee severance indemnity	1,084	606	268
Adjustment for Provision for severance indemnity discounting	(146)	(40)	(27)
Other personnel costs	1,566	3,521	339
Stock incentive plans	2,482	0	926
Total personnel costs	**32,528**	**18,655**	**8,923**

35.2 Depreciation, write-downs of fixed assets included in the income statement

(Euro thousand)	2019	2018	2017
Included in the cost of goods sold:			
Industrial depreciation of tangible assets	141	117	81
Included in general and administrative expenses:			
Depreciation of tangible assets	1,511	1,065	613
Amortization of intangible assets	717	251	8,764
Depreciation Right of Use	510	858	450
Right of Use write-downs	708	955	
Included in sales and distribution costs:			
Depreciation of tangible assets	4,632	2,665	914
Depreciation Right of Use	11,512	5,774	2,416
Right of Use write-downs	0	0	0
Total depreciation, write-downs of fixed assets included in the income statement	**19,731**	**11,685**	**13,239**

The total depreciation and write-downs of fixed assets went from 11,685 thousand euros in 2018 to 19,731 thousand euros in 2019 (+69%).

The increase in the amortization of tangible and intangible fixed assets is essentially attributable to the investments linked to the development of the retail channel.

35.3 Lease payments

(Euro thousand)	2019	2018	2017
Included in sales and distribution costs:			
leases variable payments (Note 12)	9,892	7,424	1,354
Included in administrative costs:			
lease costs—Low value assets (Note 12)	179	114	45
Total lease payments	**10,071**	**7,538**	**1,399**

36 FINANCIAL INCOME AND EXPENSES

The item is composed in detail as indicated below:

(Euro thousand)	2019	2018	2017
Interest expense and bank charges	(23,885)	(6,205)	(5,451)
provision for severance indemnity discounting interest	(11)	(7)	(5)
Income / (Charges) on derivative financial instruments	(2)	(846)	(269)
Financial expenses IFRS16	(3,868)	(2,374)	(1,060)
Charges other than the above	(154)	(54)	(92)
Gains on exchange rates	(1,308)	(1,176)	(1,610)
Total financial expenses	***(29,228)***	***(10,662)***	***(8,487)***
Bank interest income	76	4	(2)
Proceeds other than the above	40	1	9
Exchange gains (losses)	1,545	1,676	230
Total financial income	***1,661***	***1,681***	***237***
Net balance of financial expenses and income	**(27,568)**	**(8,981)**	**(8,250)**

As indicated in the table above, the item mainly includes related financial expenses:

– the financial facilities obtained by various credit institutions in relation to the payables for medium / long-term financing lines already mentioned above. The total interest on credit institutions for the year 2019 amounts to Euro 23,885 thousand (Euro 6,205 thousand in 2018) and is composed as follows:

• charges of the pool loan called "*Glamour*" and extinguished on June 14, 2019. These lines which vest interest parameterized to 6m Euribor with a *spread* negotiated with the lenders for the year 2019 amounted to Euro 2,146 thousand in addition to Euro 3,993 thousand for financial expenses from amortized cost;

• Emission of entirely undersigned bonds, "*Notes", at* the same time as the closing of the facilities mentioned in the previous point. Interest expense accrued for the year 2019 amounted to Euro 8,955 thousand in addition to Euro 8,723 thousand for amortized cost financial expenses (the latter for the aforementioned and anticipated early repayment of the loan lines);

– financial expenses related to the application of IFRS 16 for Euro 3,868 thousand (see note 12 and 14)

– the negative differential for derivative instruments equal to d Euro 2 thousand (Euro 84 6 thousand in 2018)

– other charges of a financial nature of a residual amount.

Gains and losses on foreign exchange

Of the total cost of the net profits resulting d to the income statement for the year 2019 equal to Euro 237 thousand, evaluative component unrealized corresponds to profits equal to Euro 251 thousand.

37 INCOME TAXES

Taxes for the year are recorded in this item. As regards the IRES and IRAP taxation, the tax liability is recognized under the item Tax payables net of advance payments made.

Taxes	2019	2018	2017
Current taxes:	13,690	6,682	8,298
IRES	9,390	4,171	6,434
IRAP	2,441	1,754	1,433
Taxes related to foreign companies	1,859	757	431
Taxes relating to previous years	**—**	**—**	**(6,794)**
Deferred taxes (prepaid)	**(5,044)**	**(374)**	**(5,573)**
Total tax charge for the year	**8,646**	**6,308**	**(4,068)**

The reconciliation between the income taxes accounted for and the theoretical taxes resulting from the application of the rate in force in Italy to the pre-tax profit for the years ended 31 December 2019, 2018 and 2017 is as follows:

Effective tax rate reconciliation	2019	%	2018	%	2017	%

Profit before taxes	**44,126**		**34,035**		**3,874**	
Expected tax	10,590	24.0%	8,168	24.0%	930	24.0%
Actual taxes	8,646	19.6%	6,308	18.5%	(4,068)	−105.0%
Net result	35,481		27,728		7,943	
Tax rate deviation from effective tax rate	(1,945)	−4.4%	(1,861)	−5.5%	(4,998)	−129.0%
Differences that generate the deviation						
IRAP on income produced in Italy	2,069	4.7%	1,559	4.6%	947	24.4%
ACE deductions	(631)	−1.4%	(1,110)	−3.3%	(1,392)	−35.9%
Patent Box deductions	(5,241)	−11.9%	(2,598)	−7.6%	(7,073)	−182.6%
Effect different rates in force in other countries	1,008	2.3%	353	1.0%	433	11.2%
Other increases and/or decreases	852	1.9%	(66)	−0.2%	2,088	53.9%
Total	**(1,945)**	**−4.4%**	**(1,861)**	**−5.5%**	**(4,998)**	**−129.0%**

Deferred and anticipated taxation

Deferred taxation is expressed mainly by the Deferred tax liabilities, whose total balance at the end of 2019 was Euro 58,666 thousand. This balance has been opened in 2017 when allocating the item Golden Goose Deluxe Brand of the consolidation difference as a result of the business combination.

Deferred taxes have been calculated according to the global allocation criterion, taking into account the cumulative amount of all temporary differences, based on the expected average rates in force at the time when these temporary differences will reverse; in particular, an IRES rate of 24% was considered starting from 2017, in compliance with the provisions of the 2016 Stability Law. Deferred tax assets were recognized as there is reasonable certainty of existence, in fiscal year where the deductible temporary differences will be reversed, against which the deferred tax assets have been recorded, of a taxable income not lower than the amount of the differences that will be canceled. Even for deferred tax assets, an IRES rate of 24% was considered starting from the 2017 financial year, in compliance with the provisions of the 2016 Stability Law.

The main temporary differences that led to the recognition of deferred tax assets and liabilities are indicated in the following table together with the related effects.

Recording of deferred tax assets and liabilities and consequent effects:

The effects of accounting for deferred and advance taxation on the Group's income statement and balance sheet are summarized below.

(Euro thousand)	2019	2018	2017
Deferred tax assets			
Intercompany profit	4,803	2,979	1,593
Obsolescence allowances on inventories	1,812	1,027	1,394
Non-deductible interest expense	1,426	—	—
Registration ROU IFRS 16	1,011	375	144
Depreciation and write-downs	959	676	507
Allowance for doubtful accounts	636	685	616
Returns fund	249	249	232
Economic growth aid (ACE)	—	—	990
Past tax losses	—	—	804
Other	1,533	1,207	2,039
Total deferred tax assets	12,429	7,198	8,319
Deferred taxes			
Brands value allocated following the 2017 acquisition	58,041	58,041	58,041
Other	625	589	1,061
Total deferred tax liabilities	**58,666**	**58,630**	**59,102**
Net balance of deferred taxes	**(46,237)**	**(51,432)**	**(50,783)**

38 Information relating to transactions with related parties

Please note that the Group leases the building in which it carries out part of its operating activity, located in Marghera (Ve). This building is owned by the company L'Ermitage S.r.l., whose ownership is attributable to some of the shareholders of Sneakers Maker S.p.A., the direct parent of the company. The fees incurred by the company Golden Goose S.p.A. for the use of the building described above were the 2019 financial year of Euro 229 thousand (Euro 219 thousand for the 2018 financial year, Euro 217 thousand for the 2017 financial year).

At December 31, 2019, the Group has a receivable of Euro 57 thousand to the direct parent company Sneakers Maker S.p.A..

The table below shows the relations of the parent company Golden Goose S.p.A. with its subsidiaries, for the year ended 31 December 2019, 2018 and 2017. The amounts indicated, for all three years, are in thousands of Euros.

The table below shows the data for the financial year 31.12.2019:

Company	Fin. debts	Fin. receiv.	Trade receiv.	Account payables	Other receiv.	Sales	Finance income	Finance costs	Guarantee
Sneakers Maker S.p.A.	—	57	—	—	—	—	—	—	
Golden Goose Australia Ltd	—	—	269	—	228	268	—	—	(*)
Golden Goose Austria Gmbh	—	—	885	—	—	456	—	—	
Golden Goose Belgium Sprl	—	572	587	—	—	312	0	—	(*)
Golden Goose Boston Llc	—	271	238	—	—	243	3	—	(*)
Golden Goose Dallas Llc	115	—	231	—	—	231	0	—	(*)
Golden Goose Denmark ApS	—	—	755	—	365	411	—	—	(*)
Golden Goose Hampton Llc	—	178	18	—	—	128	0	—	(*)
Golden Goose France Sas	—	1,832	2,073	—	—	5,953	40	—	
Golden Goose Germany Gmbh	—	637	—	176	—	235	9	—	(*)
Golden Goose Hawaii Llc	—	929	51	—	—	757	129	—	(*)
Golden Goose HK Ltd	—	2,415	1,407	—	22	2,561	17	—	
Golden Goose Holland Bv	—	360	459	—	—	736	0	—	
Golden Goose Japan Ltd	—	—	1,406	—	2,216	1,544	—	—	(*)
Golden Goose Korea Ltd	—	—	12,573	—	—	19,628	—	—	
Golden Goose Las Vegas Llc	—	369	212	—	—	377	20	—	(*)
Golden Goose LA Llc	41	—	157	—	—	637	5	—	
Golden Goose Macau	—	—	463	—	457	374	—	—	
Golden Goose Madison Llc	—	620	—	102	—	498	14	—	(*)
Golden Goose Miami Llc	—	270	169	—	—	798	—	41	(*)
Golden Goose NY Llc	1,210	—	472	—	—	1,228	—	17	(*)
Golden Goose Nashville Llc	32	—	170	—	—	170	0	—	(*)
Golden Goose New Jersey Llc	143	—	221	—	—	220	—	0	(*)
Golden Goose Portugal	—	—	267	—	195	241	—	—	(*)
Golden Goose San Francisco Llc	—	1,329	162	—	—	644	4	—	(*)
Golden Goose SCP Llc	—	774	204	—	—	746	7	—	(*)
Golden Goose Shanghai Trading	—	1,244	5,340	—	—	3,851	—	—	
Golden Goose Spain SL	—	1,987	749	—	—	2,809	31	—	(*)
Golden Goose Switzerland Gmbh	—	—	802	—	140	245	—	—	(*)
Golden Goose Taiwan	—	—	1,296	—	763	1,137	—	—	
Golden Goose Trading	—	—	1,061	—	1,361	902	—	—	
Golden Goose UK Ltd	—	1,680	1,011	—	—	3,080	37	—	
Golden Goose USA INC	26,961	—	38,562	—	—	29,581	—	345	
Golden Goose Woodbury Llc	—	1,666	144	—	—	151	50	—	(*)
Total	**28,502**	**17,134**	**72,411**	**278**	**5,749**	**81,150**	**367**	**403**	

(*) Please note that Golden Goose S.p.A. guaranteed regular payment of the annual rent of the lease and any other payment due, according to the contract signed with the above-mentioned controlled companies, as indicated in the section to guarantees.

The table below shows the data for the financial year 31.12.2018:

Company	Fin, debts	Fin, receiv,	Trade receiv,	Account payables	Other receiv,	Sales	Financ, income	Finac, costs	Guarantee
Golden Goose France Sas	—	2,334	1,342	—	—	3,387	—	11	
Golden Goose Holland Bv	—	—	757	—	—	488	—	—	
Golden Goose NY Llc	189	—	281	—	—	850	0	—	(*)
Golden Goose USA INC	10,714	—	18,212	—	—	18,256	—	112	
Golden Goose UK Ltd	—	1,854	1,085	—	—	2,515	—	2	
Golden Goose HK Ltd	—	237	404	—	—	1,304	2	—	
Golden Goose Madison Llc	—	686	222	—	—	606	14	—	(*)
Golden Goose LA Llc	—	514	182	—	—	555	11	—	
Golden Goose Germany Gmbh	—	393	19	1	—	444	2	—	(*)

Golden Goose Korea Ltd	—	—	8,594	—	—	14,774	—	—	
Golden Goose Spain SL	—	1,544	332	—	—	1,244	12	—	(*)
Golden Goose San Francisco Llc	—	1,202	155	—	—	420	8	—	(*)
Golden Goose Miami Llc	—	488	281	—	—	270	3	—	(*)
Golden Goose SCP Llc	—	149	386	—	—	372	0	—	(*)
Golden Goose Woodbury Llc	—	104	21	—	—	20	0	—	(*)
Golden Goose Austria Gmbh	—	—	704	969	—	704	—	—	
Golden Goose Belgium Sprl	—	—	510	591	3	510	—	—	(*)
Golden Goose Denmark ApS	—	—	341	345	—	344	—	—	(*)
Golden Goose Japan Ltd	—	—	33	—	—	33	—	—	
Golden Goose Shanghai Trading	—	600	1,489	—	—	1,496	—	—	
Golden Goose Switzerland Gmbh	—	—	684	1,209	—	687	—	—	(*)
Total	**10,903**	**10,105**	**36,035**	**3,114**	**3**	**49,280**	**52**	**126**	

(*) Please note that Golden Goose S.p.A. guaranteed regular payment of the annual rent of the lease and any other payment due, according to the contract signed with the above-mentioned controlled companies, as indicated in the section to guarantees.

The table below shows the balance sheet balances as at 31.12.2017 and income statement balances for the 2017 period (starting from 01.03.2017, the date of acquisition of the Golden Goose group):

Company	Fin, debts	Fin, receiv,	Trade receiv,	Sales	Financ, income	Finac, costs	Guarantee
Golden Goose France Sas	1,346	—	2,867	2,340	—	16	
Golden Goose Holland Bv	—	—	861	369	—	—	
Golden Goose NY Llc	—	262	266	809	3	—	(*)
Golden Goose USA INC	3,182	—	8,144	8,876	—	28	
Golden Goose UK Ltd	—	—	579	1,107	—	—	
Golden Goose HK Ltd	—	—	494	494	—	—	
Golden Goose Madison Llc	—	505	242	849	3	—	(*)
Golden Goose LA Llc	—	551	187	419	4	—	
Golden Goose Germany Gmbh	515	—	379	379	—	1	
Golden Goose Korea Ltd	—	—	3,419	3,419	—	—	
Total	**5,044**	**1,318**	**17,437**	**19,268**	**9**	**45**	

(*) Please note that Golden Goose S.p.A. guaranteed regular payment of the annual rent of the lease and any other payment due, according to the contract signed with the above-mentioned controlled companies, as indicated in the section to guarantees.

39 TRANSACTIONS WITH EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The meaning of executives with strategic responsibilities is intended in a broad sense. The CEO, his direct reports and other collaborators are included in this category: they can be both "managers" and "directors" with strategic responsibilities.

Remuneration of key Group executives

	2019	2018	2017
Current benefits	3,989	6,253	2,513
Post-employment pension and welfare benefits	702	605	336
Employee termination benefits	193	143	113
Payments in shares	2,116	—	926
Total remuneration paid to key executives	**7,000**	**7,001**	**3,887**

Loans granted to executives with strategic responsibilities

Loans to employees, included in the line item "Non-current financial assets" include loan assets provided to some executives to purchase shares of the Company for a total of Euro 1,578 thousand, this figure includes the increase occurred during 2019 equal to Euro 422 thousand, related to the share incentive plan.

40 INFORMATION RELATING TO AGREEMENTS NOT SHOWN IN THE BALANCE SHEET

The Group has no agreements in place that are not reflected in the balance sheet.

41 INFORMATION RELATING TO THE FEES DUE TO THE STATUTORY AUDITOR

Pursuant to the law, the fees for the year for the services rendered by the independent auditing firm and by entities belonging to its network amount to a total of Euro 196 thousand.

42 OPERATING SEGMENTS

For the purposes of IFRS 8 "Operating segments", the activity carried out by the Group can be identified in a single operating segment.

43 OTHER INFORMATION

Pursuant to the law, please see in the following table the overall remuneration due to directors and statutory auditors (article 2427, first paragraph, no. 16, of the Italian Civil Code). The data underexposed not include the value of the stock option plans and are stated in thousands of euros.

Qualifications	Remuneration
Directors	1.220
Board of statutory auditors	47

44 EMPLOYMENT DATA

The Group workforce, broken down by category as at 31/12/2019, was as follows:

WORKFORCE	31/12/2019	31/12/2018	31/12/2017
Senior executives	15	10	6
Headquarters employees	195	91	74
Showroom employees	3	9	10
Direct store employees	414	262	70
TOTAL WORKFORCE	**627**	**372**	**160**

The national employment contracts applied are those of the textile and clothing sector and that of commerce.

45 EVENTS AFTER THE REPORTING PERIOD

Signing for the acquisition of the majority stake by the Permira private equity fund

On February 12, 2020 was signed the agreement to transfer of ownership of the Group Golden Goose, from the private equity fund Carlyle to the private equity fund Permira. After a complex competitive process, Permira beat the competition of the private equity fund Advent and S.P.A.C Acamar. Permira boasts an important track record of partnerships with international brands in the consumer sector and with the respective management teams, characterized by stories of business growth and improvement in their market positioning. The entry of the Permira as a new partner, represents the Group Golden Goose a very important moment. Permira's expertise in the consumer sector has an invaluable value in order to continue growing.

Coronavirus outbreak

The coronavirus epidemic occurred in a situation very close to the balance sheet date and the situation has continued to evolve up to now. At the end of 2019, the first cases that showed the symptoms of "pneumonia due to unknown cause" occurred and were identified in Wuhan, the capital of the Chinese province of Hubei. On December 31, 2019, China notified the World Health Organization (WHO) of the existence of this new virus. On 30 January 2020, the WHO International Health Regulation Emergency Committee declared the epidemic a "public health emergency of international interest". Since then, multiple cases have been diagnosed, including in other countries. Consequently, containment measures and management policies were taken by China and other countries, including Italy.

From an accounting point of view, please note that all events related to Coronavirus have been considered, in accordance with IAS 8, as subsequent events which should not be included in the book values. These events therefore did not contribute to the estimates and valuations of the balance sheet items (more specifically: in the assessments of the recoverability of the intangible assets, in the determination of the bad debt provision and in the obsolescence allowances on inventories). As of today, it cannot be excluded that the continuation of the pandemic events in 2020 will make us revise these assessments.

The high level of uncertainties due to the unpredictable outcome of this epidemic makes it exceptionally difficult to estimate the financial effects of the phenomenon on the Group's consolidated financial statements. However, it is useful to consider that, in the critical scenario just identified, the Group enjoys a financial strength expressed and gained over the previous years.

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These consolidated financial statements, consisting of the statement of the financial position, profit and loss, the consolidated other comprehensive income, the cash flow statement, the statement of changes in consolidated shareholders' equity and explanatory notes, give a true and fair view of the financial position and of its the financial performance and cash flows and correspond to the results of the accounting records of the parent company and to the information transmitted by the companies included in the consolidation.

Chief Executive Officer
Dott. Silvio Campara

ISSUER

Golden Goose S.p.A.
Via Privata Ercole Marelli,
10 20139 Milan
Italy

LEGAL ADVISORS TO THE ISSUER

As to U.S. and English law
Latham & Watkins (London) LLP
99 Bishopsgate
London EC2M 3XF
United Kingdom

As to Italian law
Latham & Watkins LLP
Corso Matteotti,
22 20121 Milan
Italy

As to Italian tax law
Maisto e Associati
Piazza Filippo Meda,
5 20121 Milan
Italy

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to U.S. law
Cravath, Swaine & Moore LLP
CityPoint
One Ropemaker Street
London EC2Y 9HR
United Kingdom

As to Italian law
Studio Legale Associato in association with Linklaters LLP
Via Broletto,
9 20121 Milan
Italy

As to English law
Linklaters LLP
One Silk Street
London
EC2Y 8HQ
United Kingdom

INDEPENDENT AUDITORS

EY S.p.A.
Viale Lombardia,
31 00187 Rome
Italy

TRUSTEE
Wilmington Trust, National Association
50 S. Sixth Street
Suite 1290
Minneapolis, MN 55402
United States

SECURITY AGENT
Wilmington Trust (London) Limited
1 King's Arms Yard
Third Floor
London, EC2R 7AF
United Kingdom

PAYING AGENT & CALCULATION AGENT
The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

TRANSFER AGENT & REGISTRAR
The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

LEGAL ADVISORS TO THE TRUSTEE, SECURITY AGENT, PAYING AGENT, TRANSFER AGENT, REGISTRAR & CALCULATION AGENT

As to New York law
McDermott Will & Emery UK LLP
110 Bishopsgate
London EC2N 4AY
United Kingdom

Golden Goose S.p.A.

€480,000,000 Floating Rate Senior Secured Notes due 2027

OFFERING MEMORANDUM

May 20, 2021