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

Zoncolan Bidco S.p.A.

€375.0 million 4⅞% Senior Secured Notes due 2028

Zoncolan Bidco S.p.A., a *società per azioni* incorporated under the laws of Italy (the "**Issuer**"), is offering (the "**Offering**") €375.0 million in aggregate principal amount of its 4.875% Senior Secured Notes due 2028 (the "**Notes**") as part of the financing for its acquisition (the "**Acquisition**") of Eolo S.p.A., a *società per azioni* incorporated under the laws of Italy (the "**Target**"). See "*Summary—The Transactions*" and "*Use of Proceeds*."

The Issuer will pay interest on the Notes at a rate of 4.875 % per annum, payable semi-annually in arrears on each March 31 and September 30, commencing on March 31, 2022. Prior to September 30, 2024, the Issuer will be entitled, at its option, to redeem all or any portion of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts (as defined herein), if any, to, but excluding, the date of redemption, plus a "make whole" premium. In addition, prior to September 30, 2024, the Issuer may redeem up to 10% of the aggregate principal amount of the Notes originally issued (including the aggregate principal amount of any additional Notes issued) in each calendar year at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to but excluding, the date of redemption. Furthermore, prior to September 30, 2024, the Issuer may redeem, at its option, up to 40% of the original principal amount of the Notes with the net proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum, provided that, *inter alia*, at least 50% of the original principal amount of the Notes remains outstanding. At any time on or after September 30, 2024, the Issuer may redeem all or part of the Notes at the redemption prices set forth in this Offering Memorandum. The Notes will mature on October 21, 2028.

In addition, in the event of certain developments affecting taxation, the Issuer may elect to redeem all, but not less than all, of the Notes at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any. In addition, in connection with certain tender offers for either series of Notes, if holders of not less than 90% in aggregate principal amount of the outstanding Notes of such series validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes of such series validly tendered and not withdrawn by such holders of Notes, the Issuer or such third party will have the right to redeem the Notes of such series that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Notes in such offer. See "*Description of the Notes—Optional Redemption*." Upon certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase all 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. See "*Description of the Notes—Change of Control*."

Pending consummation of the Acquisition, the Initial Purchasers (as defined herein) will, concurrently with the issuance of the Notes on the Issue Date (as defined herein), deposit the gross proceeds from the Offering into a segregated escrow account, in the name of the Issuer (the "**Escrow Account**"). The Escrow Account will be controlled by the Escrow Agent (as defined herein) and pledged in favor of the Trustee (as defined herein) on behalf of the holders of the Notes. The release of the Escrowed Property (as defined herein) from the Escrow Account will be subject to the satisfaction of certain conditions, including the completion of the Acquisition pursuant to the terms of the Acquisition Agreement (as defined herein) promptly following the release of the funds from the Escrow Account. If the conditions to the release of the Escrowed Property have not been satisfied on or prior to the Escrow Longstop Date (as defined herein) or upon the occurrence of certain other events, the Notes will be subject to a Special Mandatory Redemption (as defined herein). The Special Mandatory Redemption price of the Notes will be equal to 100% of the aggregate issue price of the Notes plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to, but excluding, the date of such Special Mandatory Redemption. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*."

Following the Acquisition Closing Date (as defined herein), we intend to use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to merge the Issuer with the Target in accordance with applicable provisions of Italian law and as further described herein, with MergerCo (as defined herein) being the surviving entity (the "**Post-Completion Merger**") during the 18 months following the Acquisition Closing Date. The Post-Completion Merger is subject to certain conditions and may not be completed. See "*Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral—We may be unable to complete the Post-Completion Merger within the anticipated time frame, or at all.*"

The Notes will be senior secured obligations of the Issuer, will rank senior in right of payment to all of the Issuer's future debt that is expressly subordinated in right of payment to the Notes and will rank *pari passu* in right of payment with the Issuer's existing and future debt that is not so subordinated, including the Issuer's obligations under the Revolving Credit Facility (as defined herein).

On the Issue Date, the Notes will not be guaranteed. In the event the Post-Completion Merger does not occur on or prior to the date falling 18 months following the Acquisition Closing Date (the "**Cut-Off Date**"), the Issuer shall use commercially reasonable efforts to procure that, subject to the Agreed Security Principles (as defined herein) and to certain significant limitations under Italian law, the Target guarantees the Notes within 60 days of the Cut-Off Date. On the Issue Date, the Notes will be secured, subject to certain perfection requirements, by the Escrowed Property. On or about the Acquisition Closing Date, the Notes will be secured, subject to the Agreed Security Principles and certain perfection requirements, by the Completion Collateral (as defined herein). Within 20 Business Days from the Acquisition Closing Date, the Notes will be secured, subject to the Agreed Security Principles and certain perfection requirements, by the Post-Completion Collateral (as defined herein). Each of the Escrowed Property, the Completion Collateral and the Post-Completion Collateral is further described under "*Description of the Notes—Security.*" The Collateral (as defined herein) will also secure the Revolving Credit Facility and certain hedging obligations (if any) on a *pari passu* basis. Under the terms of the Intercreditor Agreement (as defined herein), and subject to applicable laws, in the event of an enforcement of the Collateral, the holders of the Notes will be treated as *pari passu* among each other, although they will receive proceeds from such Collateral only after the lenders under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) have been repaid in full. Subject to the terms of the Indenture, the Intercreditor Agreement, and to applicable laws, the Collateral may be pledged to secure future indebtedness. The Guarantee (as defined herein) and the Collateral will be subject to certain material limitations pursuant to applicable law as described under "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*." See also "*Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral—The Guarantee and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*," "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*" and "*Description of the Notes—Security*."

This Offering Memorandum includes more detailed information on the terms of the Notes, including redemption and repurchase prices, security, covenants, events of default and transfer restrictions. Subject to and as set forth in "*Description of the Notes—Withholding Taxes*," the Issuer will not be liable to pay any Additional Amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("**Decree No. 239**"), if the Notes are held by a person resident in a country that is not included in the list issued under Article 11(4)(c) of Decree No. 239, and otherwise in the circumstances as described in "*Description of the Notes—Withholding Taxes*."

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange (the "**Exchange**") and to admit the Notes to trading on the Euro MTF Market. This Offering Memorandum constitutes a prospectus for the purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

Investing in the Notes involves a high degree of risk. See the "*Risk Factors*" section of this Offering Memorandum, beginning on page 41.

Issue Price for the Notes: 100% plus accrued interest, if any, from the Issue Date

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

The Notes will be in registered form and will initially be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof and will only be transferable in minimum principal amounts of €100,000 and integral multiples of €1,000 in excess thereof. On the Issue Date, the Notes will be represented by one or more Global Notes (as defined herein) delivered through a common depositary of Euroclear SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"). See "*Book-Entry; Delivery and Form*."

Joint Global Coordinators and Joint Bookrunners

UniCredit | **Natixis**

Joint Bookrunners

Goldman Sachs | **IMI – Intesa Sanpaolo**

The date of this Offering Memorandum is October 21, 2021.

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

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES UNLESS THE NOTES ARE REGISTERED UNDER THE SECURITIES ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. SEE "*PLAN OF DISTRIBUTION*" AND "*NOTICE TO INVESTORS*." INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT.

This Offering is being made on the basis of this Offering Memorandum only. Any decision to purchase Notes in the Offering must be based on the information contained in this Offering Memorandum. None of the Issuer, UniCredit Bank AG, Natixis, Goldman Sachs International and Intesa Sanpaolo S.p.A. (each an "**Initial Purchaser**" and together, the "**Initial Purchasers**") have authorized anyone to provide you with any information or represented anything about the Issuer, or any of their respective affiliates, their financial results or this Offering that is not contained in this Offering Memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer or any of the Initial Purchasers. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum.

This Offering Memorandum has been prepared by the Issuer solely for use in connection with the Offering. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. This Offering Memorandum may not be distributed to any person other than prospective investors and any person retained to advise such prospective investors with respect to the purchase of the Notes, and any disclosure of the contents of this Offering Memorandum without the prior written consent of the Issuer is prohibited. By accepting delivery of this Offering Memorandum, you agree to the foregoing and you agree to make no copies of this Offering Memorandum or any documents referred to in this Offering Memorandum.

The Issuer, having made all reasonable enquiries, confirms that, to the best of its knowledge, information and belief (having taken all reasonable care to ensure that such is the case), this Offering Memorandum contains all information that is material in the context of the issuance and offering of the Notes, that the information contained in this Offering Memorandum is true and accurate in all material respects and is not misleading in any material respect and that there are no other facts the omission of which would make this Offering Memorandum or any such information misleading in any material respect. The information contained in this Offering Memorandum is correct as of the date hereof. Neither the delivery of this Offering Memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this Offering Memorandum or that the information contained in this Offering Memorandum is correct as of any time subsequent to that date. The Issuer accordingly accepts responsibility for the information contained in this Offering Memorandum.

The information contained in this Offering Memorandum has been furnished by the Issuer and other sources we believe to be reliable.

None of the Initial Purchasers, and no employee or affiliate of the Initial Purchasers, has authorized the contents or circulation of this Offering Memorandum, and none of the Initial Purchasers, and no employee or affiliate of the Initial Purchaser, assumes any responsibility for, and no such person will accept any liability for, any loss suffered as a result of, arising out of, or in connection with this document or any of the information or opinions contained in it.

In accordance with normal and accepted market practice, none of the Trustee, the Security Agent (as defined below), the Paying Agent (as defined below), the Registrar (as defined below), nor the Transfer Agent (as defined below) is responsible for the contents of this Offering Memorandum or expresses any opinion as to the merits of the Notes under this Offering Memorandum.

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

This Offering Memorandum contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of some of which will be made available upon request, for the complete information contained in those documents. By receiving this Offering Memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision whether to invest in the Notes. The contents of this Offering Memorandum are not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Target and any of their respective affiliates, the terms of the Offering and the merits and risks involved.

In addition, for so long as the Notes are listed on the Exchange and the rules and regulations of the Exchange so require, the Issuer will also provide a copy of the foregoing information and reports to the Exchange. Furthermore, for so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any year in which the Issuer is neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from such reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, as amended, make available to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the Issuer.

This Offering is being made in reliance upon exemptions from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. The Notes have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission or any other U.S. federal, state or foreign securities commission or regulatory authority, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The Initial Purchasers reserve the right to withdraw this Offering at any time and to reject any commitment to subscribe for the Notes, in whole or in part. The Initial Purchasers also reserve the right to allot less than the full amount of Notes sought by investors. The Initial Purchasers and certain related entities may acquire a portion of the Notes for their own accounts. Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about, and observe any restrictions on, the transfer and exchange of the Notes. See "*Plan of Distribution*" and "*Notice to Investors*."

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

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

Neither the Issuer nor any of the Initial Purchasers are making an Offering in any jurisdiction where the Offering is not permitted. No action has been taken by the Initial Purchasers, the Issuer, or any other person that would permit an Offering or the circulation or distribution of this Offering Memorandum or any offering material in relation to the Issuer, or any of the Notes in any country or jurisdiction where action for that purpose is required.

The Notes will only be issued in fully registered form and in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act ("**Rule 144A**") will be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). Notes sold outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") will 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 with, or on behalf of, a common depositary for the accounts of the Euroclear and Clearstream and registered in the name of the nominee of the common depositary. See "*Book-Entry; Delivery and Form*."

The information contained under the headings "*Summary*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry and Market Overview*" and "*Business*" includes extracts from information and data, including industry and market data, prepared by third parties. While the Issuer accepts responsibility for the accurate extraction and summarization of such information and data, the Issuer has not independently verified the accuracy of such information and data and accepts no further responsibility in respect thereof. However, as far as the Issuer are aware, no information or data has been omitted which would render reproduced information inaccurate or misleading.

The information set forth in those sections of this Offering Memorandum describing clearing and settlement is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. None of the Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will 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 such book-entry interests.

Application has been made to list the Notes on the Exchange and to admit them for trading on the Exchange, and we intend to submit this Offering Memorandum to the competent authority in connection with the listing application. In the course of any review by the competent authority, we may be requested to make changes to the financial and other information included in this Offering Memorandum. 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. We may also be required to update the information in this Offering Memorandum to reflect changes in the business, financial position or results of operations and prospects of the Issuer, and their respective subsidiaries. There can be no assurance that the application for admission of the Notes on the Exchange will be approved or that such listing will be maintained and settlement of the Notes is not conditioned on obtaining this listing.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, UNICREDIT BANK AG (THE "**STABILIZATION MANAGER**") (OR PERSONS ACTING ON ITS BEHALF), MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT NOT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON THE STABILIZATION MANAGER (OR PERSONS ACTING ON ITS BEHALF) TO DO THIS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "*PLAN OF DISTRIBUTION*."

NOTICE TO U.S. INVESTORS

None of the U.S. Securities and Exchange Commission, any state securities commission or any other regulatory authority has approved or disapproved the Notes, and none of the foregoing authorities have passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary could be a criminal offence in certain jurisdictions.

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under "*Notice to Investors*." The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States, and the Notes are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "*Notice to Investors*."

CERTAIN CONSIDERATIONS REGARDING SALES INTO CANADA

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

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

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

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" within the meaning of Article 2(e) of Prospectus Regulation.

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

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

EEA product governance / Professional investors and ECPs only target market. Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties ("**ECPs**") and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to ECPs and professional clients are appropriate. Any person subsequently offering, selling or recommending such Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, and without prejudice to our obligations in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Republic of Italy. The Offering has not been cleared by *the Commissione Nazionale per la Società e la Borsa* ("**CONSOB**") (the Italian securities exchange commission), pursuant to Italian securities legislation and will not be subject to formal review or clearance by CONSOB. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this Offering Memorandum or any other offering circular, prospectus, form of application, advertisement or other offering material or document relating to the Notes to be issued, may be distributed or published in the Republic of Italy either on the primary or on the secondary market, except (a) to qualified investors (*investitori qualificati*) as referred to in Article 2(e) of the Prospectus Regulation; or (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-*ter*, first paragraph, letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "**Issuer Regulation**"), and the applicable Italian laws and regulations.

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

(a) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter r, of Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "**Italian Financial Act**")), to the extent duly authorized to engage in the placement and/or underwriting and/or purchase of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, Regulation No. 20307 of February 15, 2018, as amended ("**Regulation 20307**"), Italian Legislative Decree No. 385 of September 1, 1993, as amended (the "**Italian Banking Act**"), the Issuer Regulation and any other applicable laws and regulations; and

(b) in compliance with all relevant Italian securities, tax, exchange control and any other applicable laws and regulations and any other applicable requirement or limitation that may be imposed from time to time by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) or any other relevant Italian competent authorities.

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

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

United Kingdom. This Offering Memorandum has been prepared on the basis that any offer of the securities 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 such securities. This Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation. The securities described in this Offering Memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the securities or otherwise making them available to retail investors in the UK has been or will be prepared and, therefore, offering or selling the securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) are outside the UK, (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "**Financial Promotion Order**"), (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are being offered solely to "qualified investors" as defined in the UK Prospectus Regulation. This Offering Memorandum has not been approved by the Financial Conduct Authority or any other competent authority. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its content.

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

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

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

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements, including statements about our strategy, investment program, future operations, industry forecasts, expected acquisitions, transactions and investments (including the Acquisition), and target levels of leverage and indebtedness. Forward-looking statements provide our current expectations, intentions or forecasts of future events. Forward-looking statements include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not statements of historical fact. Words or phrases such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "seek," or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking.

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

- Risks related to obtaining all licenses, permits, right of use or other authorizations;
- Inability to attract and retain subscribers;
- Failure of our systems and controls;
- Inability to provide telecommunication or related services and investment to remain competitive and relevant;
- Risk of illiquidity to fund our capital expenditure programs or on-going operations;
- Risk of liability and sanctions of offenses committed by persons within EOLO;
- Liabilities incurred by the actions of our directors, employees, agents and representatives;
- Risks associated with the development, expansion and maintenance of our FWA network;
- Inability to successfully compete with the high levels of competition;
- Risks related to key relationships with third parties which we depend on;
- Adverse impact due to regulatory measures;
- Risks related to our ability to maintain existing network infrastructure or install new network infrastructure;
- Adverse impact on our reputation, business, prospects, financial conditions or results of operations due to damage, security breaches or cyberattacks to key information technology systems;
- Inability to protect our intellectual property rights and prevent others from using such rights without authorization;
- Inability to attract and retain key personnel, directors, managers, employees or individuals to effectively manage our business;
- Negative impacts from lack of growth in market demand for FWA services;
- Adverse impact of disruptive geopolitical or macroeconomic events and economic uncertainty;
- Decreased internet usage, litigation or stricter regulation due to actual or perceived health risks relating to telecommunication transmission equipment;
- Adverse impact of labor disputes or work stoppages;

- Adverse impact of disputes and legal, tax and regulatory proceedings;
- Adverse impact of COVID-19 pandemic and other health epidemics and outbreaks;
- Adverse impact of negative impacts on the reputation of our brand name;
- Risks related to uninsured losses, losses in excess of our insurance coverage and unanticipated changes in insurance costs;
- Risks related to changes in laws, regulations or governmental policy;
- Inability to market and sell products or develop new products due to unsuccessful advertising and promotional activities;
- Adverse impact of competition and antitrust laws;
- Risks related to third parties claiming we infringed their intellectual property rights;
- Adverse impact of additional tax expense or exposure;
- Risks associated with estimates and assumptions relevant to our calculation of Run-Rate Adjusted EBITDA;
- Risks related to the Transactions;
- Risks related to our capital structure;
- Risks related to the Notes, the Guarantee and the Collateral; and
- other factors discussed under "*Risk Factors*."

These risks and others described under "*Risk Factors*" are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect our financial position, results of operations and liquidity. New risks can 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 risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as at the date of this Offering Memorandum, and we do not intend, and do not assume any obligation, to update forward-looking statements set out in this Offering Memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Offering Memorandum. As a result, you should not place undue reliance on these forward-looking statements.

INDUSTRY AND MARKET DATA

Unless otherwise indicated, statements in this Offering Memorandum regarding the market environment, market developments, growth rates, market trends and the competitive situation in the markets and segments in which we operate are based on market data, statistical information, sector reports and third-party studies as well as on our own estimates.

We operate in an industry in which it is difficult to obtain precise industry and market information. In drafting this Offering Memorandum, we used industry sources, market research, publicly available information, industry publications and sources of market data, such as reports prepared by third party consulting firms. To the extent that information was taken from third parties, such information has been accurately reproduced by us in this Offering Memorandum and, as far as we are aware and able to ascertain from the information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Market studies and analyses are, however, frequently based on information and assumptions that may not be accurate or technically correct, and their methodology may be forward-looking and speculative. We have not verified the figures, market data and other information used by third parties in the studies, publications and financial information reproduced herein, or the external sources on which our estimates are based. We therefore assume no liability for and offer no guarantee of the accuracy of the data from studies and third party sources contained in this Offering Memorandum or for the accuracy of third party data on which our estimates are based.

This Offering Memorandum also contains estimates of market data and information derived from such data that cannot be obtained from publications by independent sources. Such information is partly based on our own market observations, the evaluation of industry information (such as from conferences and sector events) or internal assessments. We believe that our estimates of market data and the information we have derived from such data helps investors to better understand the industry in which we operate and our position within it. Our own estimates have not been checked or verified externally. While we assume that our own market observations are reliable, we give no warranty for the accuracy of our own estimates and the information derived from them. They may differ from estimates made by our competitors or from other independent sources.

Certain market-related information reproduced in this Offering Memorandum, such as market shares and number of households, is based on reports prepared by various third-party consulting firms, which have used different underlying assumptions or sources in preparing their reports, including the number of subscribers, and, as such, some of the data may differ from each other. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analyses and estimates, requiring us to rely on our own internally developed estimates regarding the industries in which we operate, our position in the relevant industry, our market share and the market shares of various industry participants based on our experience, our own investigation of market conditions and our review of industry publications, including information made available to the public by our competitors. Neither we nor any of the Initial Purchasers can assure you of the accuracy and completeness of, or take any responsibility for, such data. Similarly, while we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither we nor the Initial Purchasers can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data. Our estimates involve risks and uncertainties and are subject to change based on various factors. See “*Risk factors*,” “*Industry*” and “*Business*” for further discussion regarding our industry and market data and the risks related thereto.

Unless specified otherwise, market shares presented in this Offering Memorandum are presented as of March 31, 2021 and are based on revenues and not on the number of subscribers.

CERTAIN DEFINITIONS

The following terms used in this Offering Memorandum have the meanings assigned to them below:

"**Acquisition**"	The acquisition by the Issuer of the entire issued and outstanding share capital of the Target, as described under "*Summary—The Transactions*."
"**Acquisition Agreement**"	The sale and purchase agreement dated as of July 17, 2021, described under "*Summary—The Transactions—The Acquisition*."
"**Acquisition Closing Date**"	The date on which the Acquisition will be consummated.
"**Additional Amounts**"	has the meaning given to such term in "*Summary—The Offering—Additional Amounts.*"
"**AGCOM**"	Italian Communications Authority (*Autorità per le garanzie nelle comunicazioni*).
"**Agreed Security Principles**"	The agreed security principles as set forth in an annex to the Indenture and summarized in "*Description of the Notes—Security—General*."
"**Business Day**"	Each day that is not a Saturday, Sunday or other day on which banking institutions in Milan, Italy, New York, United States of America, or London, United Kingdom are authorized or required by law to close.
"**CAGR**"	means compound annual growth rate.
"**Collateral**"	Collectively, the Completion Collateral, the Post-Completion Collateral and any and all assets from time to time in which a security interest has been or will be granted pursuant to any Security Document to secure the obligation under the Indenture or the Notes, in each case as may be in existence from time to time, as the context may require.
"**Cometa**"	means Cometa S.p.A., a joint-stock company (società per azioni) incorporated and existing under the laws of Italy, with registered office in Via Gran San Bernardo 12, 21052 Busto Arsizio (VA), registered with the Companies' Register of Varese under no. 07674300962.
"**Completion Collateral**"	The collateral securing the Notes on or about the Acquisition Closing Date, subject to the Agreed Security Principles and certain perfection requirements, consisting of security interests over (i) all of the shares of the Issuer held by HoldCo and (ii) any structural intercompany receivables owed to HoldCo by the Issuer (if any), each as further described under "*Description of the Notes—Security.*"
"**Cut-Off Date**"	means the date falling 18 months following the Acquisition Closing Date.
"**Decree No. 231**"	The Italian Legislative Decree No. 231 of June 8, 2001.
"**Decree No. 239**"	The Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time.
"**Decree No. 461**"	The Italian Legislative Decree No. 461 of November 21, 1997, as amended or supplemented from time to time.
"**EOLO**"	Eolo S.p.A. or the Target.

"**Escrow Account**"	The segregated escrow account in the name of the Issuer into which the gross proceeds of the Offering of the Notes will be deposited on the Issue Date.
"**Escrow Agent**"	J.P. Morgan Chase Bank N.A., London Branch, in its capacity as escrow agent.
"**Escrow Agreement**"	The agreement to be dated as of the Issue Date between the Issuer, the Trustee and the Escrow Agent relating to the Escrow Account into which the gross proceeds from the Offering of the Notes will be deposited pending consummation of the Acquisition.
"**Escrow Charge**"	The escrow account charge to be dated as of the Issue Date between the Issuer and the Trustee, pursuant to which the initial funds deposited in the segregated Escrow Account will be charged on a first-priority basis to secure the Notes.
"**Escrow Longstop Date**"	April 17, 2022.
"**Escrowed Property**"	Collectively, the initial funds deposited into the Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Account (*less* any property and/or funds paid in accordance with the Escrow Agreement).
"**EU**" or "**European Union**"	The European Union.
"**EURIBOR**"	has the meaning given to such term under "*Description of the Notes*."
"**euro**," "**EUR**" or "**€**"	The lawful currency of the EU Member States participating in the European Monetary Union.
"**EUROSTAT**"	Statistical Office of the European Union.
"**Exchange**"	The Luxembourg Stock Exchange.
"**Financial Statements**"	has the meaning given to such term in "*Presentation of Financial and Other Information*."
"**Financing**"	has the meaning given to such term in "*Summary—The Transactions.*"
"**Funding Loan**"	The intercompany loan made by the Issuer to the Target with a portion of the proceeds of the Notes on the Acquisition Closing Date. See "*Use of Proceeds*" and "*Description of Certain Financing Arrangements—Funding Loan*."
"**Guarantee**"	has the meaning ascribed to it under "*Summary—The Offering—Guarantee.*"
"**Guarantors**"	has the meaning ascribed to it under "*Summary—The Offering—Guarantee*."
"**HoldCo**"	Zoncolan Holdco S.p.A., a joint stock company (*società per azioni*) incorporated and existing under the laws of Italy, having its registered office at Via Montebello 27, 20121 Milan (MI), registered with the Companies' Register of Milan Monza-Brianza Lodi under no. 09081780968, which is the direct parent of the Issuer.
"**IFRS**"	International Financial Reporting Standards and related interpretations (SIC/IFRIC), endorsed by the European Union and in force at the reporting date, and the measures issued to implement article 9 of Legislative decree no. 38/2005" consistent with the description in the footnotes to the financial statements of EOLO.

"**Indenture**"	The indenture that will govern the Notes, dated as of the Issue Date, by and among, *inter alios*, the Issuer and the Trustee.
"**Initial Purchasers**"	Collectively, UniCredit Bank AG, Natixis and Goldman Sachs International.
"**Intercreditor Agreement**"	The intercreditor agreement to be entered into on or prior to the Issue Date by and between, among others, the Issuer, the Trustee, UniCredit S.p.A., as the facility agent with respect to the Revolving Credit Facility, certain creditors thereunder and the Security Agent, as amended, supplemented and restated from time to time.
"**Issue Date**"	On or about October 21, 2021, the date on which the Notes will be delivered in book-entry form through a common depository for Euroclear and Clearstream.
"**Issuer**"	Zoncolan Bidco S.p.A., established as a *società per azioni* under the laws of Italy.
"**Italian Civil Code**"	The Italian civil code (*codice civile*) approved by the Royal Decree No. 262 of March 16, 1942, as subsequently amended and restated.
"**Italian GAAP**"	means the Italian laws governing the preparation of financial statements, as interpreted and integrated by the accounting principles established by the *Organismo Italiano di Contabilità*—OIC.
"**Italian Usury Law**"	Italian Law No. 108 of March 7, 1996 and the relevant implementing regulations, as subsequently amended, implemented and supplemented from time to time.
"**LuxCo**"	PG Investment Company 1 S.à r.l.
"**MED**"	Italian Ministry of Economic Development (*Ministero dello Sviluppo Economico*).
"**Member State**"	Each member state of the European Union.
"**MergerCo**"	The surviving entity of the Post-Completion Merger.
"**Merger Date**"	The date on which the Post-Completion Merger becomes effective.
"**Notes**"	The Issuer's €375.0 million 4.875% Senior Secured Notes due 2028 to be issued on the Issue Date. See "*Summary—The Offering*."
"**Offering**"	This offering of the Notes pursuant to this Offering Memorandum.
"**Offering Memorandum**"	This offering memorandum in relation to the Notes.
"**Paying Agent**"	Elavon Financial Services DAC, in its capacity as paying agent.
"**Partners Group**"	refers to Partners Group AG or one or more funds or limited partnerships advised and/or managed by Partners Group AG or any of its affiliates or direct or indirect subsidiaries from time to time.
"**Post-Completion Collateral**"	The collateral securing the Notes no later than twenty Business Days from the Acquisition Closing Date, subject to the Agreed Security Principles and certain perfection requirements, consisting of security interests over (i) the entire issued share capital of the Target held by the Issuer and (ii) the structural intercompany receivables owed to the Issuer by the Target, including under the Funding Loan, each as further described under "*Description of the Notes—Security*."

"**Post-Completion Merger**"	has the meaning given to such term in "*Summary—The Transactions*."
"**Prospectus Regulation**"	Regulation (EU) 2017/1129.
"**Qualified Investor**"	A qualified investor as defined in Article 2(e) of the Prospectus Regulation.
"**Refinanced Target Indebtedness**"	The portion of the existing and outstanding indebtedness of the Target which is expected to be repaid in full and cancelled in connection with the Transactions. For a summary of the Refinanced Target Indebtedness to be repaid in full in connection with the Transactions, see "*Summary—The Transactions—The Refinancing.*"
"**Refinancing**"	has the meaning given to such term under "*Summary—The Transactions—The Financing.*"
"**Registrar**"	Elavon Financial Services DAC, in its capacity as registrar.
"**Revolving Credit Facility**"	The €125.0 million revolving credit facility established under the Revolving Credit Facility Agreement, which is described in more detail in "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*."
"**Revolving Credit Facility Agreement**"	The super senior revolving credit facility agreement in respect of the Revolving Credit Facility to be entered into on or prior to the Issue Date by and between, among others, the Issuer, UniCredit S.p.A., as agent, the Security Agent and the Original Lenders (as defined therein), as amended, supplemented and restated from time to time, which is described in more detail in "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*."
"**Rolled Target Indebtedness**"	The Indebtedness of the Target which we intend to retain following the Acquisition Closing Date. See "*Description of Certain Financing Arrangements—Rolled Target Indebtedness.*"
"**Securities Act**"	The U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.
"**Security Agent**"	UniCredit S.p.A., in its capacity as security agent for the secured creditors under the Indenture, the Intercreditor Agreement and the Revolving Credit Facility Agreement and as representative (*rappresentante*) of the holders of the Notes pursuant to and for the purposes set forth under Article 2414-*bis*, Paragraph 3, of the Italian Civil Code.
"**Security Documents**"	has the meaning given to such term under "*Description of the Notes—Certain Definitions*."
"**Sellers**"	Cometa and SCP EPC UK Limited.
"**Shareholder Agreement**"	Shareholder Agreement has the meaning given to such term in "*Principal Shareholders—The Shareholder Agreement*."
"**Shareholder Funding**"	Shareholder Funding has the meaning given to such term in "*Summary—The Transactions—The Financing*."
"**SCP EPC UK Limited**"	SCP EPC UK LIMITED, a private limited company incorporated and existing under the laws of England and Wales, with registered office in 56 Conduit St Mayfair, London, United Kingdom, W1S 2YZ, registered with the Registrar of Companies for England and Wales, which is a Seller under the Acquisition Agreement and a vehicle managed by Searchlight Capital Partners, L.P.

“**Sponsor**”	Partners Group.
“**Target**”	Eolo S.p.A., established as a *società per azioni* under the laws of Italy.
“**Transactions**”	has the meaning given to such term in “*Summary—The Transactions*.”
“**Transfer Agent**”	Elavon Financial Services DAC, in its capacity as transfer agent.
“**Trustee**”	U.S. Bank Trustees Limited, in its capacity as trustee under the Indenture.
“**U.S. dollars**,” “**dollars**,” “**US$**” **or** “**$**”	The lawful currency of the United States.
“**United States**” or “**U.S.**”	The United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
“**we**,” “**us**,” **and** “**our**”	Prior to the Acquisition Closing Date, the Target, following the Acquisition Closing Date but prior to the Merger Date, the Issuer and its subsidiaries and following the completion of the Post-Completion Merger, MergerCo and its subsidiaries.

GLOSSARY OF SELECTED TERMS

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

Abbreviation	Definitions
"**3.5 GHz**"	The 3.4-3.6 GHz frequencies, which are the licensed frequencies we use for our access network in Val d'Aosta region.
"**5 GHz**"	The 5 GHz band, which is an unlicensed spectrum we use for our access network, resulting in a 30 Mbps download speed.
"**26 GHz**"	The 24.5-26.5 GHz frequencies, which are some of the licensed frequencies we use for our distribution network.
"**28 GHz**"	the 27.5-29.5 GHz frequencies, which are some of the licensed frequencies we use for our access network, resulting in a 100 Mbps download speed.
"**ADSL**"	Asymmetric digital subscriber line.
"**ARPU**"	Average revenue per user. It is a telecom industry metric generally calculated by dividing recurring revenue (which includes airtime (*i.e.*, time elapsed between the start and termination of a call) usage, monthly subscription fees and other recurring service fees) during a period by the average number of subscribers during a period.
"**Backhauling**" or "**Backhaul network**"	In the telecommunication industry, backhaul refers to the part of the network that serves as an intermediate between the main network and the small networks used for distribution to other smaller channels.
"**band**"	In wireless communication, band refers to a frequency or contiguous range of frequencies.
"**BB**" or "**Broadband**"	Means the transmission of wide bandwidth data over a fast internet connection (> 2 Mbps) via multiple types of technologies.
"**Black Areas**"	Areas in which at least two operators (besides EOLO) are serving or plan to deploy UBB infrastructure (download speeds of greater than 100 Mbps) in the next three years (through end of 2024).
"**Blended ARPU**"	Means the ARPU calculated by diving the total revenue generated from monthly subscription payments generated by our B2C and B2B offering (excluding seasonal customers) during a period of time by the average number of subscribers during such period.
"**Blended Churn Rate**"	Means the churn rate determined by dividing the subscribers lost in a period of time (the number of customers that either on a voluntary or involuntary basis no longer subscribe for our services) by the average number of subscribers for such period.
"**BTS**"	Base transceiver stations, which is the antenna and radio equipment required to communicate by a radio with a mobile station; each BTS covers a defined area, known as a cell.
"**capacity**"	The amount of bandwidth or throughput that can be handled by a network element.
"**churn**"	A telecom industry measure of the proportion of subscribers that disconnect from a telecommunication providers' service over a period of time.
"Core TAM" or "Core Target Addressable Market"	Our core target addressable market of approximately 7.5 million households in Grey II and White II areas.
"**CPE**"	Customer premises equipment, which means devices that enable consumers to access providers' communication services and distribute them in a residence of enterprise with a local area network (LAN).
"**Download Speed**"	Means the speed that an internet connection is able to retrieve data from the internet.
"**EOLO Wave**"	Our FWA broadband service that uses the 5 GHz spectrum, with download/uplink speed of 30/3 Mbps.

Abbreviation	Definitions
"**EOLO Wave G**"	Our FWA ultra broadband service based on the licensed 28 GHz spectrum, with download/uplink speed of 100/10 Mbps for B2C Subscribers and 100/20 Mbps for selected B2B Subscribers.
"**FBB**"	Fixed broadband.
"**fixed-line**"	A physical line connecting the subscriber to the telephone exchange. In addition, fixed-line includes fixed wireless systems, in which the users are in fixed locations using a wireless connection (*i.e.,* cordless telephones) to the telephone exchange.
"**frequency**"	The rate at which an electrical current alternates, usually measured in hertz. Also the way to note a description of a general location on the radio frequency spectrum such as 800 MHz, 900 MHz or 1900 MHz
"**FTTA**"	Fiber-to-the-antenna.
"**FTTC**"	Fiber-to-the-cabinet.
"**FTTH**"	Fiber-to-the-home.
"**FWA**"	Fixed Wireless Access, which is wireless broadband using radio links between two fixed points, using a hybrid systems of wired fiber and wireless networks to offer FBB and UBB services.
"**GB**"	Gigabyte.
"**GHz**"	Gigahertz.
"**Grey areas**"	Grey I and Grey II areas.
"**Grey I areas**"	Grey areas in which at least one operator is or will deploy fiber infrastructure (download speeds of greater than 30 Mbps) in the next three years (through end of 2024), but market conditions are not sufficient for greater than 100 Mbps deployment.
"**Grey II Areas**"	Grey areas in which at least one operator will deploy infrastructure (download speeds of greater than 30 Mbps) in the next three years (through end of 2024), but market conditions are not sufficient for greater than 100 Mbps deployment.
"**IRU**"	Indefeasible rights of use.
"**IRU contract**"	Means an agreement that secures IRU to a party on a dark fiber owned by a third party. IRU contracts provides a single up-front payment and have a long-term duration, which is the expected service life of the dark fiber.
"**KO**"	Unsuccessful activation order.
"**LAN**"	Local area network, which means a network of devices connected in a specific location.
"**Last mile**"	Means the part of a telecommunications network which connects subscribers to their service provider.
"**MB**"	Megabits.
"**Mbps**"	Megabytes per second (unit of data transfer rate).
"**MHz**"	Megahertz; a unit of frequency equal to 1 million Hertz.
"**microwave**"	The main form of radio used for transmission in telecom networks as an alternative to copper or fiber cables.
"**network**"	An interconnected collection of telecom components consisting of switches connected to each other and to customer equipment by real or virtual transmission links. Transmission links may be based on fiber optic or metallic cable or point-to-point radio connections.
"**NGA**"	New generation access networks.
"**NPS**"	Net promoter score. It refers to a survey-based metric we use to evaluate our customers' satisfaction. We measure NPS by asking "how likely are you to recommend EOLO to a friend or colleague on a scale of 1 to 10." Responses of 9 or 10 are scored as "promoters," responses of 7 or 8 are scored as "passive" and excluded as respondents from the scoring, and responses from 0 to 6 are scored as "detractors." NPS is calculated as the sum of the percentage of promoters less the percentage of detractors.

Abbreviation	Definitions
"**OTT services**"	"over-the-top" telecommunications services provided via the internet (such as television and video streaming) that are provided separately from the end user's internet service, typically by a service provider independent of the end user's internet service provider.
"**penetration**"	A measurement of access to telecommunications, normally calculated by dividing the number of subscribers to a particular service by the population and multiplying by 100.
"**POP**"	Point of presence, which means the access point at which two or more networks or communication devices share a connection.
"**PTP**"	Point-to-point.
"**PMP**"	Point-to-multipoint.
"**SAC**"	Subscriber acquisition costs, which means the cost related to acquiring new subscribers
"**SME**"	Small-to-medium businesses, which are customers for our B2B offering.
"**SoHo**"	Small office and home office, which are customers for our B2B offering.
"**spectrum**"	A continuous range of frequencies, usually wide in extent within which waves have some certain common characteristics.
"**TAM**" or "**Target Addressable Market**"	Our target addressable market of approximately 11.5 million households in the rural and suburban White I, Grey II and White II areas.
"**TOP**"	Larger companies, which are customers for our B2B offering.
"**UBB**"	ultra-broadband, which refers to technologies with download speeds of greater than 30 Mbps, which may be delivered by FTTH, FTTB, FWA.
"**Upload Speed**"	Means the speed at which an internet connection allows data to be sent from a device to the internet.
"**VOIP**"	Voice over internet protocol, which allows a user to make voice calls using BB connection.
"**White areas**"	White I and White II areas.
"**White I areas**"	Market failure areas, where no operator has deployed UBB infrastructure. Open Fiber has won public tenders through which it accessed the funds necessary for the deployment of fiber.
"**White II areas**"	Market failure areas, where no operator has deployed UBB infrastructure. Open Fiber has won the public tenders through which it accessed the funds necessary for the deployment of FWA technology in ~50% of the White II areas.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General - Financial Statements Presented

The Issuer was incorporated on June 18, 2021, in connection with the Transactions. As of the date of this Offering Memorandum, the Issuer is a holding company with no revenue-generating activities of its own, and no business operations, material assets or material liabilities other than those incurred in connection with its incorporation and the Transactions, including indebtedness incurred in connection with the Transactions. As a result, no financial information of the Issuer is included in this Offering Memorandum, except for certain limited "as adjusted" financial data presented on a basis as adjusted to reflect certain effects of the Transactions. Prior to the Post-Completion Merger, the Issuer is currently not expected to engage in any activities other than those related to the Transactions and any other future potential transactions permitted by the Indenture.

All historical financial information presented in this Offering Memorandum is that of the Target. Accordingly, unless otherwise stated, all references to "we," "us," or "our" in respect of historical financial information in this Offering Memorandum are to the Target.

This Offering Memorandum includes:

(i) our unaudited condensed interim financial information as of and for the three months ended June 30, 2021, which include unaudited comparative financial data for the three months ended June 30, 2020, prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (the "**Unaudited Condensed Interim Financial Information**"); and

(ii) our audited financial statements as of and for each of the years ended March 31, 2020 and 2021, which have been prepared in accordance with IFRS (the "**Audited Financial Statements**" and, together with the Unaudited Condensed Interim Financial Information, the "**Financial Statements**").

On April 1, 2020, we adopted IFRS. For prior periods, we had prepared our financial statements in accordance with Italian GAAP. Our financial statements for the year ended March 31, 2019 were prepared in accordance with the Italian GAAP and the financial information in respect of such period was restated in our audited financial statements for the year ended March 31, 2020 to reflect the adoption of IFRS. Our financial statements as of and for the year ended March 31, 2019 prepared in accordance with Italian GAAP have not been included in this Offering Memorandum. Therefore, the financial information as of and for the year ended March 31, 2019 included and discussed in this Offering Memorandum is that presented as comparative information in our audited financial statements for the year ended March 31, 2020 which was not covered by the audit reports included therein.

In the future, we will report our financial results in respect of periods following the Acquisition Closing Date but prior to the Merger Date to holders of the Notes at the level of the Issuer in accordance with IFRS. Following the Post-Completion Merger, we will report our financial results in respect of periods following the Merger Date to holders of the Notes at the level of EOLO in accordance with IFRS.

Our financial statements in this Offering Memorandum have not been adjusted to reflect the impact of any changes to the statements of profit and loss and comprehensive income, statements of financial position or cash flow statements that might occur as a result of purchase accounting adjustments to be applied as a result of the Transactions. However, the Issuer (prior to the Merger Date) and MergerCo (following the Merger Date), as applicable, will account for the Acquisition using the acquisition method of accounting under IFRS and will apply purchase accounting adjustments in connection with the Acquisition to the financial statements for accounting periods subsequent to the Acquisition Closing Date. The application of purchase accounting could result in different carrying values for existing assets and liabilities and we may add additional assets to our statement of financial position, which may include intangible assets, such as goodwill, brand name, customer relationships, leasehold rights and software. We may also recognize additional amortization and depreciation expenses related to the additional assets recognized. Due to these and other potential adjustments, our future financial statements could be materially different once the adjustments are made and may not be comparable to our financial statements included in this Offering Memorandum.

In making an investment decision, you must rely upon your own examination of the terms of this Offering and the financial information contained in this Offering Memorandum. You should consult your own professional advisors for an understanding of the differences between IFRS and U.S. GAAP and how those differences could affect the financial information contained in this Offering Memorandum.

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

Unaudited Financial Information for the twelve months ended June 30, 2021

This Offering Memorandum also presents and discusses unaudited financial information of the Target for the twelve months ended June 30, 2021. This information has been derived by adding the results of operations for the three months ended June 30, 2021, to the results of operations for the year ended March 30, 2021, and subtracting the results of operations for the three months ended June 30, 2020, derived from the comparative column included in the Unaudited Condensed Interim Financial Information. The unaudited financial information for the twelve months ended June 30, 2021 presented herein has not been audited, is not required by or presented in accordance with IFRS or any other generally accepted accounting principles, has been prepared for illustrative purposes only and may not necessarily be representative of our results for any future period. We believe that the financial information for the twelve months ended June 30, 2021 is a useful indicator of our ability to develop our business and operating cash flow and to serve our indebtedness. We present this information as it is the basis for certain ratios and as adjusted financial information included in this Offering Memorandum that we believe is useful as supplemental measures for investors in assessing the impact of the Transactions and our ability to incur and service our debt, including the Notes.

As Adjusted Financial Information

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

Non-IFRS Measures

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

In particular, given certain one-off transactions that have had a significant impact on EOLO S.p.A.'s profit or loss statement, the growth in our subscriber base and the extensive investments in network expansion that have been made during the periods under review, EOLO's management monitors Reported EBITDA, Adjusted EBITDA and Run-Rate Adjusted EBITDA (each of which is defined below) for purposes of internal capital allocation decision-making and budget planning. The foregoing are presented in this Offering Memorandum because EOLO's management believes that they can assist readers to understand the underlying dynamics of the core business operations of EOLO S.p.A., and that they provide meaningful and relevant financial information that is useful in evaluating EOLO S.p.A.'s operations in the same manner as EOLO's management views and operates the business. EOLO's management presents the foregoing Non-IFRS Measures because similar measures are widely used by investors, securities analysts and other interested parties as supplemental measures of performance and liquidity and are intended to assist in the analysis of our results of operations and ability to service debt. In addition, EOLO's management believes that Operating Free Cash Flow is a useful Non-IFRS Measure to use in evaluating business performance and to inform future expenditure planning because it illustrates cash generation on a basis that is comparable to Adjusted EBITDA and Adjusted Capital Expenditure, permitting EOLO's management to analyze the business in a consistent manner. Furthermore, EOLO's management believes that Cash Available for Debt Service (pre-growth) is a relevant Non-IFRS Measure that can assist in capital allocation and planning operating and capital expenditures based on ability of the business to generate cash.

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

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

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

- "**Reported EBITDA**" is defined as profit/(loss) for the year before income taxes, financial income and financial expenses, depreciation and amortization, impairment losses on trade receivables and other financial assets, impairment losses on non-current assets and long-term incentive plan (LTIP);

- "**Adjusted EBITDA**" is defined as Reported EBITDA as adjusted for certain advertising costs, monitoring fees, transactions costs, commission and activations fees, CPE installation related costs, ADSL business and other sundry adjustments;

- "**Run Rate Adjusted EBITDA**" is defined as Adjusted EBITDA adjusted for the full period effect of new subscribers as of June 30, 2021;

- "**Run-Rate Adjusted EBITDA margin**" is defined as Run-Rate Adjusted EBITDA *divided by* total revenue and other income, expressed as a percentage;

- "**Adjusted EBITDA margin**" is defined as Adjusted EBITDA *divided by* total revenue and other income, expressed as a percentage;

- "**Total Capital Expenditures**" is defined as the sum of acquisitions of intangible assets and acquisitions of property, plant and equipment;

- "**Adjusted Capital Expenditures**" are defined as Total Capital Expenditures adjusted for, *inter alia*, CPE related installation capital expenditures, and IRU leases, disposal, other and other minor items;

- "**Operating Free Cash Flow**" is defined as net cash flows generated by operating activities as reported in accordance with IFRS as adjusted for CPE related installation cash flow, the variation attributable to the phasing of certain Adjusted Capital Expenditure-related payables and other items;

- "**Cash Available for Debt Service (pre-growth)**" is defined as Operating Free Cash Flow as further adjusted for hosting lease payments, other operating items and CCB Adjusted Capital Expenditures;

- "**Cash Conversion**" is defined as Cash Available for Debt Service (pre-growth) *divided by* Adjusted EBITDA;

- "**Working Capital**" is defined as trade receivables, contract costs and other current liabilities less trade payables, contract liabilities and other current liabilities;

- "**As Adjusted Cash and Cash Equivalents**" as of June 30, 2021 is defined as Cash and Cash Equivalent after giving effect to the Transactions as if they had occurred on June 30, 2021;

- "**As Adjusted Cash Interest Expense**" is defined as the cash interest expense of the Issuer for the twelve months ended June 30, 2021, after giving effect to the Transactions as if they had occurred on July 1, 2020 and assuming that the Revolving Credit Facility would have been undrawn for the entire period which is calculated by taking the sum of (i) interest rate on the Notes multiplied by the total aggregate principal amount of Notes, (ii) the actual fixed charges in respect of the Target Rolled Indebtedness and (iii) the actual fixed charges in respect of IFRS 16 lease liabilities;

- "**As Adjusted Net Debt**" is defined as the total gross financial indebtedness of the Target (net of As Adjusted Cash and Cash Equivalent) as of the date indicated after giving effect to the Transactions as if they had occurred on June 30, 2021; and

- "**As Adjusted Net Senior Secured Debt**" is defined as the aggregate principal amount of the Notes, less As Adjusted Cash and Cash Equivalents.

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

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

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

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

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

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

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

- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;

- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and

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

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

Certain key performance indicators and other non-financial operating data included in this Offering Memorandum are derived from management estimates, are not part of our Financial Statements or our accounting records, and have not been audited or otherwise reviewed by outside auditors, consultants or experts. Our use or computation of these measures may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all of these measures should not be considered in isolation or as an alternative measure of performance under 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 independent auditors or outside consultants or experts. Such metrics used by our management to track the operational performance of our business and include, among others, number of subscribers, Blended Churn Rate and Blended ARPU. 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 or any other general accepted accounting principles.

Rounding

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

CURRENCIES AND EXCHANGE RATES

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

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

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

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

	U.S. dollars per €1.00			
	Period-end	**Average[(1)]**	**High**	**Low**
Year				
2015	1.0866	1.1032	1.1288	1.0560
2016	1.0547	1.1034	1.1440	1.0547
2017	1.2022	1.1391	1.2022	1.0608
2018	1.1452	1.1782	1.2415	1.1306
2019	1.1229	1.1183	1.1450	1.0903
2020	1.2225	1.1468	1.2225	1.0937
Month				
April 2021	1.2027	1.1967	1.2118	1.1761
May 2021	1.2228	1.2148	1.2240	1.1994
June 2021	1.1849	1.2046	1.2233	1.1849
July 2021	1.1859	1.1823	1.1885	1.1763
August 2021	1.1807	1.1768	1.1870	1.1688
September 2021	1.1716	1.1797	1.1890	1.1716
October 2021 (through October 7, 2021)	1.1557	1.1584	1.1619	1.1543

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

SUMMARY

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

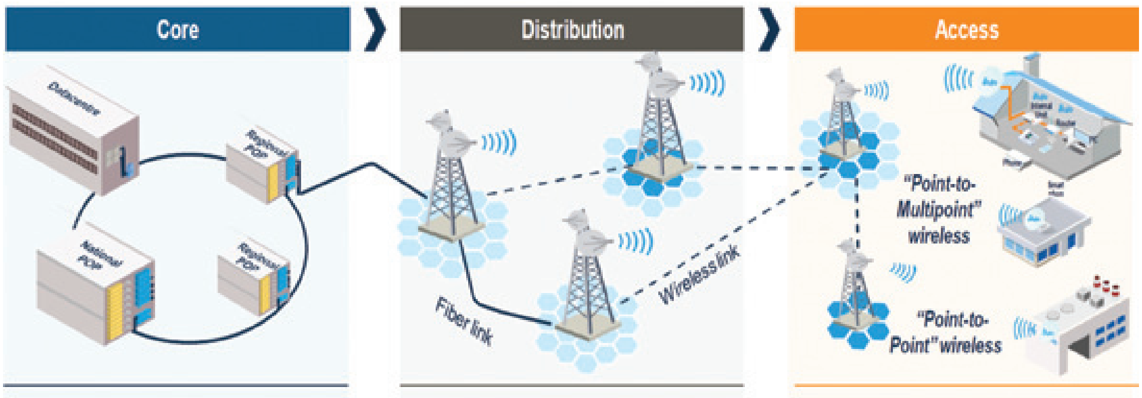
We have estimated certain information in this Offering Memorandum regarding market share and our position relative to our competitors based on data available from third parties, our internal data and certain assumptions. See "Industry and Market Overview." This summary includes certain technical terms that are commonly used in our industry. See "Glossary of Selected Terms" for a detailed explanation of these terms.

Overview

We are the largest provider of broadband ("**BB**") and ultra-broadband ("**UBB**") fixed-wireless access ("**FWA**") services in Italy based on revenues for the year ended December 31, 2020 and the second largest based on number of subscribers with a market share of 34.7% for year ended March 31, 2021. Our mission is to close the digital and speed divide by offering high-speed broadband connectivity services in underserved rural (*i.e.*, White areas) and suburban areas (*i.e.*, Grey II areas) in Italy where alternative connection technologies are either unavailable or significantly delayed (*i.e.*, FTTH) or have lower speed and quality performance (*i.e.*, ADSL or FTTC). As a result, we mainly focus on identified rural and suburban areas comprising approximately 11.5 million households in Italy where the penetration of broadband connection services is lower than in the rest of Italy and where we offer the highest available speed (our "**Target Addressable Market**" or "**TAM**"). Our unique FWA infrastructure platform enables us to offer in our Target Addressable Market, in a cost-effective manner, speeds of up to 100 Mbps (download speed) and we are working to increase connection speeds to 300 Mbps in the near future to further distinguish our service offer. With selected business customers, we already offer speeds of up 1 Gbps (download speed) through point-to-point ("**PTP**") wireless link connections. In recent years, we have aggressively expanded our FWA network coverage to reach more than 80% of households in our Target Addressable Market and more than 6,700 municipalities across Italy's 20 regions. This resulted in a strong growth of our subscriber base from approximately 379,600 as of March 31, 2019 to 567,900 as of June 30, 2021, with a CAGR of 19.6%. Our market share in our Target Addressable Market was 51.5% of FWA connections as of March 31, 2021.

We own, lease and operate a unique proprietary end-to-end infrastructure network that enables us to offer a high-quality service to our customers. Our FWA infrastructure covers the complete end-to-end core, distribution and access networks of the fixed data transmission chain.

EOLO'S END TO END INFRASTRUCTURE NETWORK



- *Core Network*. Our core network leverages on four core national points of presence ("**POP**"), five core regional POP and two data centers connected through our backbone. Our backbone is secured by long-term indefeasible rights of use ("**IRU**") of third parties' dark fiber infrastructure of approximately 14,800 kilometers as of June 30, 2021 (an increase of more than approximately +416% since March 31, 2018);

- *Distribution Network*. Our distribution network is based on fiber backhauling and radio links. As of March 31, 2021, our fiber backhauling is secured by leased capacity circuits. In addition, in 2021 we signed an agreement with Open Fiber to secure 1,000 fiber-to-the-antenna links to base transceiver stations ("**BTS**") (*i.e.*, fiber-to-the-antenna). As of March 31, 2021, we have approximately 3,600 radio links connecting BTS (an increase of approximately +41% compared to March 31, 2018); and

- *Access Network*. As of August 31, 2021, our access network is based on approximately 3,400 BTS (an increase of approximately +45% compared to March 31, 2018), which deliver signal to the customer premises equipment (the "**CPE**"), installed on customers' premises, primarily using (i) the unlicensed 5GHz spectrum (for our 30 Mbps EOLO Wave offering) and (ii) the licensed 28 GHz spectrum (for our advanced, higher speed 100 Mbps EOLO Wave G offering).

Our external network of approximately 1,500 technicians (known as "installers") across Italy provides us with in-depth local knowledge and a capillary presence in our Target Addressable Market, which in turn is instrumental to our ability to offer high service levels.

As the first mover in our Target Addressable Market, we have established a high-quality infrastructure network that is difficult to replicate in a cost-efficient way. We offer our excess capacity on a wholesale basis to other operators who can exploit EOLO's infrastructure to acquire new customers or migrate customers currently served through non-performing technologies in Italian rural and suburban areas. Building on this strategy, in 2020 we signed an agreement with Wind 3 and in 2021 announced a memorandum of understanding with TIM; these strategic partnership projects are focused on our Target Addressable Market, where TIM and Wind 3 will be able to provide internet access services to their existing and new customers using our proprietary infrastructure network.

We operate in the underpenetrated Italian fixed broadband market where we see considerable room for growth, particularly in our Target Addressable Market. Due to the lack of coaxial cable infrastructure, delays in fiber roll-out and difficult geographic terrain, only approximately 67% of Italian households as of December 31, 2019 had a fixed broadband connection as compared to a European average penetration rate of approximately 87% as of December 31, 2019. Broadband connection services, principally through FWA technology in rural and suburban areas, are expected to continue to expand and close this penetration gap on the back of growing data consumption driven by changing consumer habits (such as remote working) and the growing use of online streaming, which trend has been boosted during the COVID-19 pandemic.

We believe that there is an untapped growth opportunity in our Target Addressable Market, where broadband penetration and high-speed connections are significantly lower than the national average level (penetration levels between 56% and 60%). Given the physical geography and low population density of many Italian rural and suburban communities, FWA can be the best technological alternative to deliver high broadband speeds at competitive prices given its limited roll-out costs and fast network deployment times in these areas. Legacy technologies (*i.e.*, ADSL and FTTC) are proving less effective to meet the growing demand for bandwidth, while FTTH is either not going to be deployed or will be deployed only with delays in these areas, in part due to the significant investments required. As the largest provider of broadband and ultra-broadband services in our Target Addressable Market, we believe that we are uniquely positioned to exploit this growth opportunity.

The expansion of our FWA network and service offering in recent years has driven the growth of our total revenues and other income and Adjusted EBITDA. From the year ended March 31, 2019 our total revenues and other income and Adjusted EBITDA increased from €129.8 million, and €67.7 million, respectively, to €198.3 million (a CAGR of 20.7%) and €107.9 million (a CAGR of 23.0%), respectively, for the twelve months ended June 30, 2021. For the same period, our loss for the year/period increased from €0.5 million to €14.9 million. For the twelve months ended June 30, 2021, 94% of our total revenues and other income was generated from subscription-based revenues from monthly recurring debits by customers and approximately 6% was generated from one-off payments, including activation fees and penalties for churned customers.

We divide our offering into the following three segments:

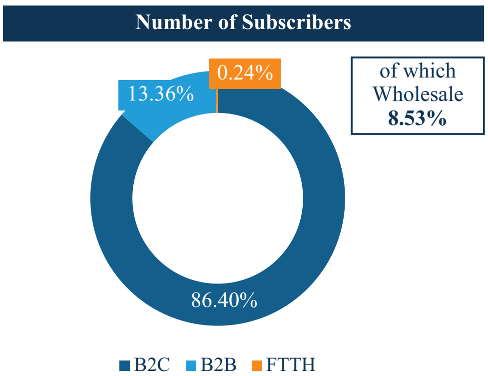
- **Business-to-Consumer ("B2C").** As of June 30, 2021, we had approximately 490,700 B2C subscribers ("**B2C Subscribers**"). Our offering to B2C Subscribers includes modular commercial offerings designed to address different users' needs with dedicated add-on packages: "Entertainment" (streaming and gaming), "Study & Work" (studying and remote working applications) and "Security" (antivirus and parental control).

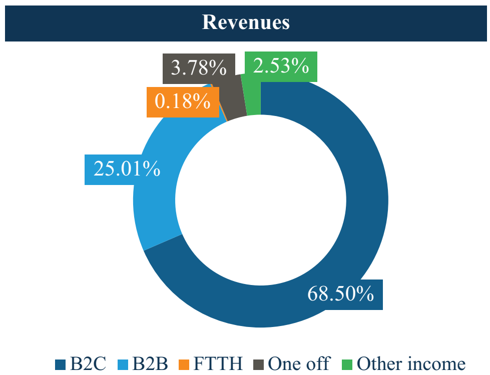
- **Business-to-Business (“B2B”).** As of June 30, 2021, we had approximately 75,900 B2B subscribers (“**B2B Subscribers**”). Our offering to B2B Subscribers includes connectivity services for small and home offices (“**SoHo**”) and small and medium enterprises (“**Business**”) to which we offer shared solutions, and for large companies (“**TOP**”) to which we offer services through high-end connectivity and dedicated infrastructure.

- **FTTH.** Although it does not represent our core business, we provide a FTTH service mainly in certain urban areas covered by Open Fiber’s FTTH infrastructure to complement our FWA services in order to meet customer demand. As of June 30, 2021, we had approximately 1,400 fiber subscribers (“**Fiber Subscribers**”).

As of June 30, 2021, our B2C and B2B Subscribers included approximately 48,500 wholesale end-customers (“**Wholesale Subscribers**”). We sell to our Wholesale Subscribers through internet service providers (“**ISP**”), system integrators and to national internet providers and international telecommunications providers to whom we offer our excess capacity. We plan to strengthen our wholesale offering in the future relying more on major national and international providers such as TIM and Wind 3 and further expand our wholesale offering to retail customers.

The below charts set forth the percentage of our total revenues and other income and number of subscribers represented by each of our three offering segments for the twelve months ended June 30, 2021.





One off: includes activation fees and penalties for churned customers (meaning such revenues are not generated from monthly subscription debits);

Other income: includes, *inter alia*, grants from Infratel, out of period income, tax credit and hardware resale.

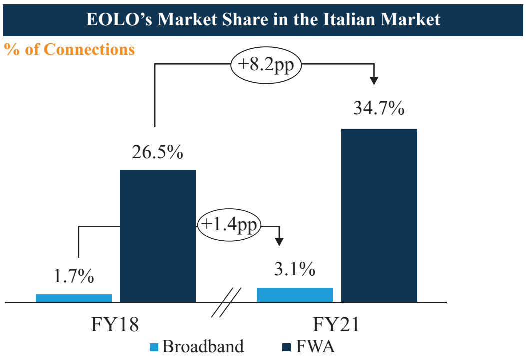
Our Strengths

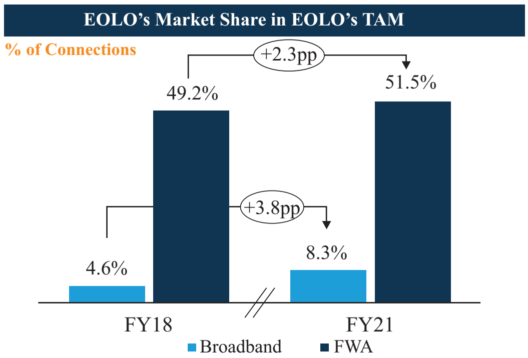
We believe that a number of key factors gives us a competitive advantage, including:

We are the largest provider of FWA services by revenue in Italy with growing market share and innovative FWA technology.

We are the largest provider of BB and UBB FWA services in Italy based on revenues for the year ended December 31, 2020. In terms of number of subscribers, we have a market share of 34.7% in Italy and we are the undisputed leader with a market share of 51.5% in our Target Addressable Market. Our market share in the broadband and FWA markets have grown faster in terms of new subscribers additions than the FWA market and broadband market generally: our new subscriber additions grew at a CAGR of 24.9% from March 31, 2018 to March 31, 2021, while the FWA market grew at a CAGR of 13.5% and the broadband market generally grew at a CAGR of 3.0% during the same period.

The below charts set forth our market shares in Italy and in our Target Addressable Market for the years ended March 31, 2018 and March 31, 2021 in the broadband and in the FWA markets.





We are the only player in Italy with a focus on FWA services in our Target Addressable Market. The other principal player in Italy with a focus on FWA technology is Linkem. While Linkem has a larger number of subscribers than EOLO, it is focused on prepaid solutions for urban and suburban areas and uses the 3.5 GHz spectrum, which allows for less bandwidth (and therefore lower quality of service). Linkem's growth in subscribers was lower than EOLO's (approximately 11% CAGR (December 2017-2020) compared to EOLO's 24% (March 2018-2021). Other players in the FWA market include operators such as TIM and Vodafone, which have "FWA-like" service offers based on their mobile infrastructure. While these "FWA-like" services will be used in selected situations, these services are considered sub-optimal in comparison with FWA since they are unable to match the data allowance offered by FWA and their implementation can present technical difficulties.

In the wholesale sector, we are the main player offering access to an FWA network in our Target Addressable Market, which we believe will enable us to capture additional subscribers and therefore continue to grow our subscriber base and market share in the medium term. As part of its plans to guarantee broadband deployment in low population density areas with high investment costs, in accordance with the provisions of the EU broadband State Aid guidelines implemented by the Italian government, Open Fiber is required to provide FWA active services in White II Areas to third-party operators if no comparable access product is already offered in the same geographic area by another operator. As EOLO already provides active services in such areas, Open Fiber will not be required to offer active services in such areas. Even though Open Fiber might still decide to establish an FWA infrastructure in our Target Addressable Market, we believe that our 80% coverage in our Target Addressable Market will act as an economic disincentive for Open Fiber. This provides us with a pre-emptive opportunity in White II areas, thus underpinning the uniqueness of our FWA infrastructure and the leadership position in our Target Addressable Market.

Our leading market position in our Target Addressable Market is underpinned by the superior performance of our FWA service offering in such areas as compared to other available fixed BB and UBB technologies. In our Target Addressable Market, FTTH technology is either largely unavailable or expected to be deployed with delays while other available technologies, such as ADSL and FTTC, do not offer the same speed and overall performance levels. Our unique FWA network enables us to currently offer the highest available speed in our Target Addressable Market with download/upload speeds of up to 100/20 Mbps and up to 1Gbps for selected business clients and we have an established roadmap to roll out services with a download speed of up to 300 Mbps in the near future. In addition, our capillary local presence enables us to offer best-in-class intervention services, low time to market and effective maintenance and repair services.

Our leading market position is further supported by our technological knowhow, which has enabled us to develop unique, proprietary and data-driven technologies to support our functions. These custom solutions include:

- EOLIA is our self-designed software for network design, operations, management and monitoring, which plays a critical role for our network planning and installation approach and which has contributed to our successful network expansion and customer satisfaction. We use EOLIA to identify the overall network topology, health status for wireless access and wireless backhaul network, wireless backhauling link occupation and historical data and trends;

- G-EOLO is our location intelligence system which uses internal information and external sources to identify potentially attractive market areas for our network expansion;

- Blue system is our patented traffic re-balancing platform. As part of our Blue system, we have also developed Otelma, our in-house built software, which continuously applies traffic steering policy avoiding backhauling congestion; and

- Datawave is our management tool for development and assurance processes, inventory and warehouse management. The main functions covered by Datawave relate to the automated processes of the operational activities carried out by our installers. For example, Datawave help us assign the work orders to our installers and exchanges information with EOLIA about the field activities aimed at the installation of new BTSs.

Our radio access is mainly based on technologies tailored to specific requirements to best fit our vendors' architecture to our service models. Such customizations are co-engineered by us and our local partners as a result of years of continuous refinements based on field experience and territorial knowledge. On-field feedback is key to improve our performances. For example, we have managers focusing on specific areas of the Italian territory (*i.e.*, North West, North East, Center and South of Italy). Our area managers, *inter alia*, update our internal database in case of poor coverage in certain areas and/or competitors' presence. We also work with two primary radio access equipment manufacturers in the design and development of point-to-multipoint ("**PMP**") and PTP connections: Cambium Networks Ltd. and Intracom S.A. Telecom Solutions. Over the last few years, we have leveraged our strong relationships with our suppliers to develop multiple access technologies to achieve optimal coverage and network performance.

We believe that our superior service offering and technological leadership provide us with a clear competitive advantage resulting in high customer satisfaction rates (more than 85% for the month ended April 31, 2021, based on the number of customers declaring themselves "very satisfied" after interactions with our technicians) and in our leading and growing market share. We also believe our leading market position places us well to meet the growing demand for high-speed connectivity services in our Target Addressable Market.

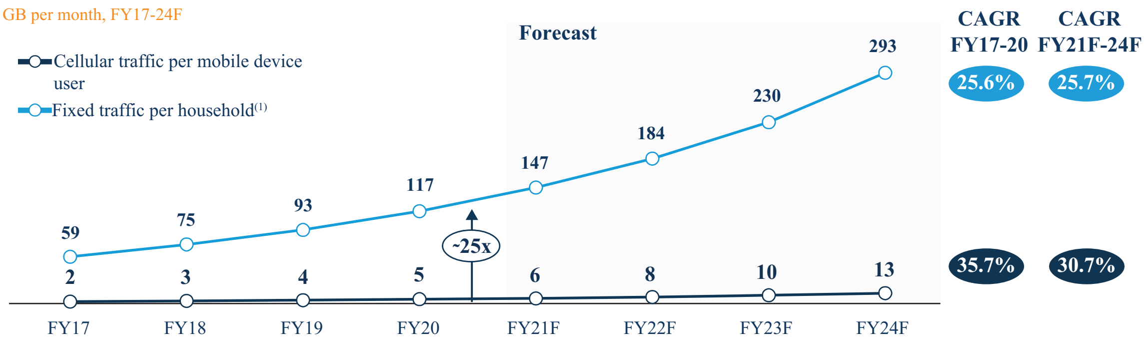
Fast-growing Italian broadband market with a large untapped opportunity for FWA service providers in our Target Addressable Market.

We operate in the underpenetrated Italian fixed broadband market where we see considerable room for growth, particularly in our Target Addressable Market. Due to the lack of cable infrastructure, delays in fiber roll-out and difficult morphology, only approximately 67% of Italian households have a broadband connection versus a European average penetration of approximately 87% as of December 31, 2019.

Broadband connection services are expected to grow and close this gap on the back of growing data consumption as evidenced by the 25.6% average annual growth rate of fixed line data consumption from the year ended December 31, 2017 to the year ended December 31, 2020 and the 35.7% average annual growth in mobile data traffic from 2017 to 2020 due to changes in consumer behavior and the availability of increased speeds. The main drivers of data traffic growth include trends such as the growing use of streaming platforms, online shopping, online banking applications, video-on-demand as well as gaming and video activities. The growing adoption of these new applications was boosted by social distancing measures implemented during the COVID-19 lockdowns and the ensuing changes in work and life habits (*e.g.*, remote working, home schooling, and greater adoption of virtual social interactions). On the back of these long-term trends, data consumption in Italy is expected to continue growing for the period from 2021 to 2024, driven primarily by fixed connectivity usage.

The graphic below shows the monthly data traffic in Italy for the period 2017-2020 and the forecast for the period 2021-2024.

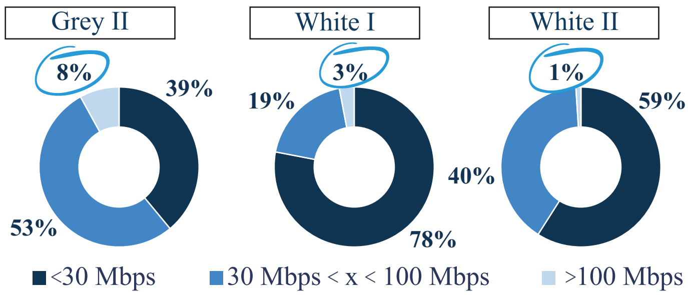
Monthly data traffic in Italy by network



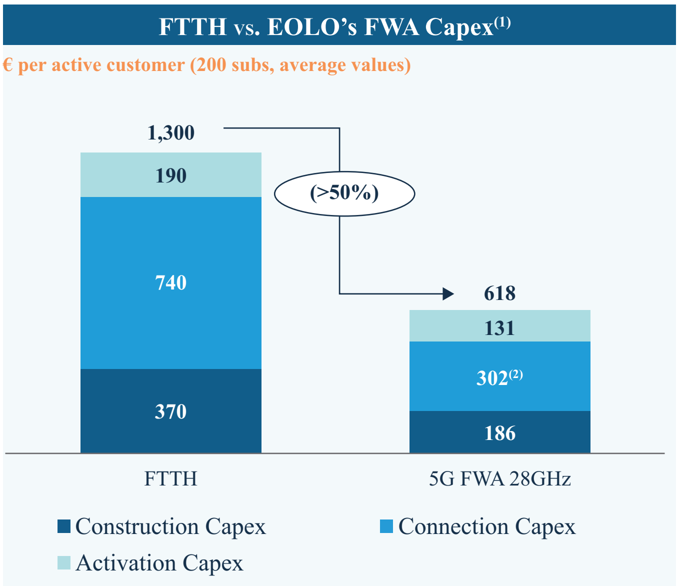
(1) broadband access at fixed location, for one household. Technologies include fixed line and wireless (FWA).

In our Target Addressable Market, we see a large untapped opportunity for our services. The penetration of broadband services in these areas is lower than at national level with penetration levels between 56% and 60% as compared to a national average of 67% as of December 31, 2019. The low internet penetration is primarily due to the fact that these areas are serviced mainly through legacy ADSL and FTTC connections which have proven to be ineffective in delivering high-speed connections in areas with challenging geography and low population density. For example, ADSL connections offer maximum speeds of up to 30 Mbps. FTTC connections, on the other hand, offer speeds of up to 100 Mbps, but only if the customer premise is close to the fiber cabinet. FTTC connection speeds reduce to 30 Mbps for distances from the cabinet of up to 1 kilometer. This distance tends to increase as the service area becomes more rural (*i.e.*, less home density). There is also a wide variation in the distribution of the secondary copper length in suburban and rural areas, which leads to inconsistent performance.

The graphics below show the breakdown of BB connections by download speed available from all providers in our Target Addressable Market for the year ended March 31, 2020.



We also believe that the plans by fiber providers such as Open Fiber and FiberCop to increase fiber coverage throughout Italy will have only a limited impact on our competitive position in our Target Addressable Market. While FTTH technology can deliver connection speeds of up to 1 Gbps, it is a suboptimal technology for rural and suburban areas for several reasons. First, FTTH has high installation and deployment costs, making it a viable technology primarily in densely populated areas. For instance, the average FTTH development capital expenditures per household connected in rural areas is estimated to be more than double the capital expenditures required for FWA, resulting in significantly longer payback periods.



(1) total deployment capital expenditures (excluding grants).

(2) refers to CPE capital expenditures (excluding cost of router).

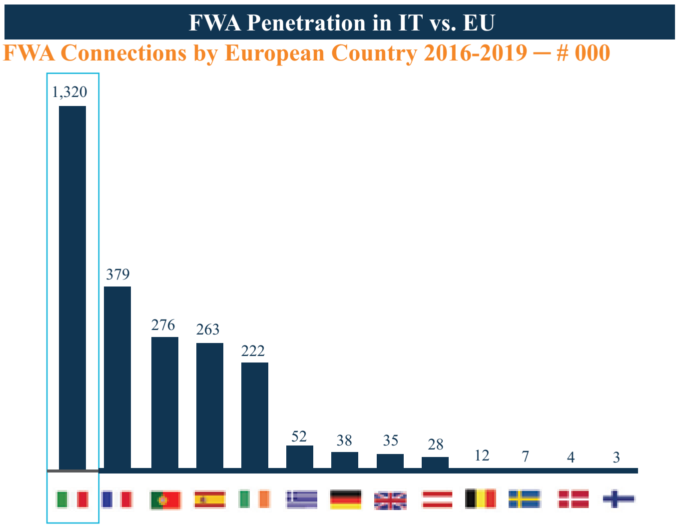
In addition, FTTH has experienced long installation periods in rural areas, making it a less appealing technology as compared to FWA. In the few White I areas already covered with FTTH by Open Fiber, there is a significant time gap between completion of the network and availability for use by broadband operators due to lack of last meter-connection to customers' premises. This factor increases the costs for broadband operators and creates a time delay in the marketability of areas already covered by a fiber network. This in turn results in inability to connect consumers' premises that will present an opportunity in the short-term to medium-term that can be exploited by FWA operators. Finally, Open Fiber's FTTH roll-out plans have experienced several delays as compared to their original schedule, with only 22.6% of targeted municipalities in White I Areas tested as of August 2021.

As a result, FTTH is not expected to be deployed to the Grey II and White II areas of our Target Addressable Market, which represent 6.9 million households (or 29% of total Italian households) or will be deployed on a delayed basis compared to Open Fiber's original plans for White I areas, representing an additional 4.0 million households (15% of total). Accordingly, FWA can be seen as the best technological alternative to FTTH in our Target Addressable Market on account of FWA's generally competitive broadband speeds, lower roll-out cost and more rapid speed of network deployment as compared to FTTH.

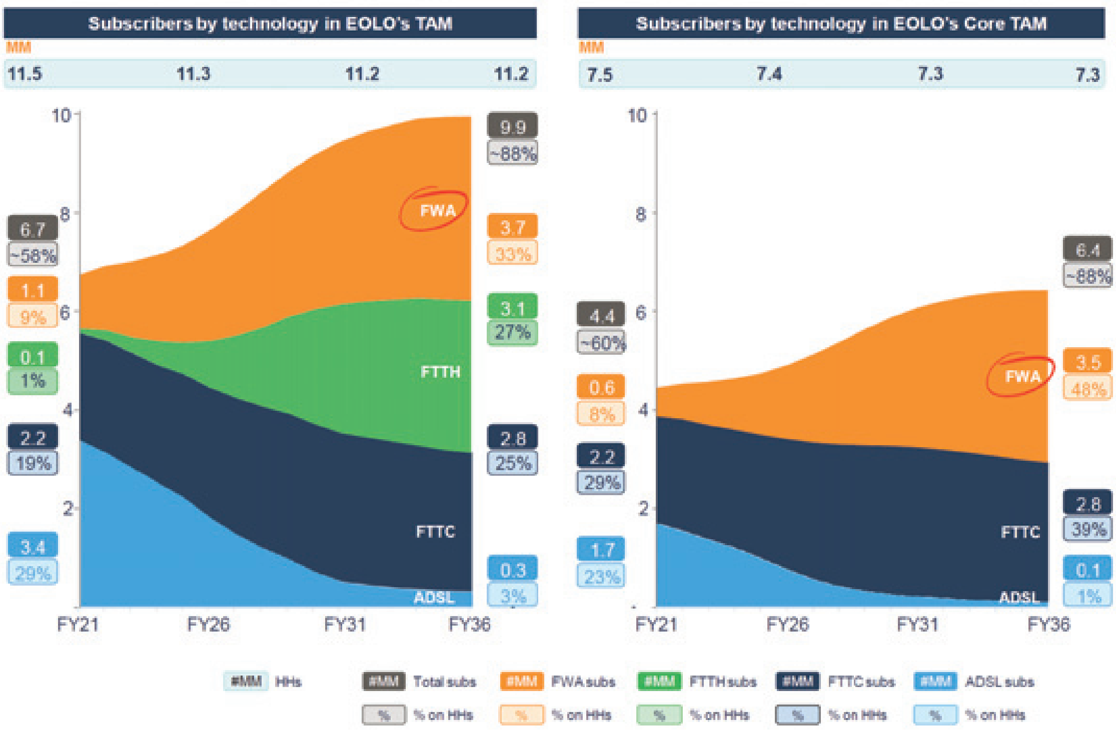
In addition, we believe that 5G mobile technology does not represent a viable alternative to FWA service in our Target Addressable Market. First, 5G mobile technology is designed to offer connectivity in a mobile context, rather than to be a fixed broadband service. In addition, the substantial upfront investment needed to deploy 5G infrastructure in low-density rural and suburban areas in Italy (such as our Target Addressable Market), including the cost of towers and other assets, are unlikely to generate an attractive return on investment for 5G operators. Mobile operators offering "FWA-like" solutions are also not expected to present a meaningful competitive threat to EOLO, as their solutions are based on mobile technology which may face congestion issues (as the same spectrum is used for mobile and fixed users, which typically leads to data caps). In contrast, EOLO utilizes a different network architecture with fixed line-of-sight from the antennas to the houses, ensuring a fixed bandwidth for each household.

These considerations explain why the number of FWA connections in Italy has doubled over the last five years from 0.74 million in 2015 to 1.37 million in September 2020 to 1.54 million in December 2020, resulting in an increase in FWA's penetration of the Italian broadband market from 5% to 9% of all broadband technologies. Due to its geographical characteristics and large number of small municipalities (i.e., municipalities with less than 5,000 inhabitants), Italy is by far the European country with the highest number of FWA connections and the highest FWA proportion of fixed BB lines.

The graphic below shows the amount (measured in thousands of households) of FWA connections ('000 households) in Europe between 2016 and 2019.



We believe there is a large, untapped opportunity for our services in our Target Addressable Market due to FWA's ability to effectively meet the growing data consumption demand in our Total Addressable Market and the expectation that fiber coverage will not reach areas in our Target Addressable Market representing 29% of Italian households or will reach areas representing 15% of Italian households only with delay. We believe that FWA will continue to gain market share in our Total Addressable Market and in what we view as our core target addressable market of approximately 7.5 million households in Grey II and White II areas (our "**Core Target Addressable Market**") and triple the number of connections between 2021 and 2036.



Unique proprietary infrastructure network that provides high barriers to entry.

We own, lease and operate a unique proprietary end-to-end infrastructure network that enables us to offer a high-quality service to our customers. We are the only end-to-end FWA infrastructure network covering more than 80% of households in our Target Addressable Market and we expect that our coverage will increase following the anticipated completion of the FWA network in the near future. Our FWA infrastructure covers the complete end-to-end core, distribution and access networks of the fixed data transmission chain. Our core network leverages four core national POP, five core regional POP and two data centers (main center and disaster recovery center). Three of our core national POP are deployed in the Milan area, and the fourth in the Rome area, and they are connected with over-the-top ("**OTT**") providers and internet. We have regional POP collecting local traffic in high-penetration areas in Bologna, Verona, Turin and Pisa (and the POP in Naples will be deployed in early 2022). Our POP and data centers are connected through our backbone, which is secured by long-term IRU on third parties dark fiber infrastructure of approximately 14,800 kilometers as of June 30, 2021 (an increase of more than approximately +416% since March 31, 2018). Our long-term IRU have average residual durations of 15-18 years as of May 2021. Our distribution network is based on fiber backhauling and radio links. As of March 31, 2021, our fiber backhauling is secured by leased capacity circuits. In addition, in 2021 we signed an agreement with Open Fiber to secure 1,000 FTTA links. As of March 31, 2021, we have approximately 3,600 radio links connecting BTS (an increase of approximately +41% compared to March 31, 2018). Our access network connects our customers to the network through a system of owned BTS (approximately 3,400) which are installed on third-party transmission towers, and CPEs, which are installed on customers' premises but owned by us.

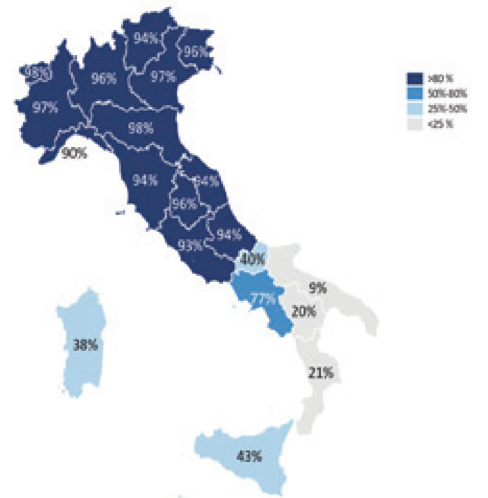
Our BTS and CPEs communicate using the following spectrum: the licensed 28 GHz spectrum (through our EOLO Wave G technology, which is able to offer internet speed up to 100 Mbps with PMP wireless connection and up to 1 Gbps for selected business customers with a PTP wireless connection), the unlicensed 5 GHz spectrum (though our EOLO Wave technology, which is able to offer internet speed up to 30 Mbps) and, only in the region of Val d'Aosta, the licensed 3.5 GHz spectrum (using our EOLO Wave technology). As of June 30, 2021, we have in Italy (i) the largest spectrum ownership of 28 GHz spectrum alongside TIM and (ii) the second largest spectrum ownership across millimeter wavers and second only to TIM, leveraging the 26 GHz spectrum and the 28 GHz spectrum.

Our infrastructure mainly leverages third party towers through rental agreements. We rent more than 3,000 towers (where our BTS are installed) approximately 50% of which are from independent owners and local entities, which we believe enables us to obtain generally favorable leasing terms. The vast majority of our tower-rental agreements are long-term with a residual life of 14 years and provide for a tacit renewal. The remaining towers are either secured under IRU contracts or owned and built on land where we own surface rights.

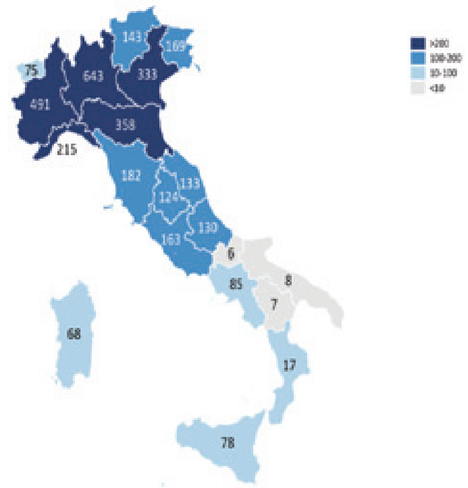
Our infrastructure network comprises modern and state-of-the art equipment. Over the last three years to March 31, 2021, we invested approximately €300 million in Adjusted Capital Expenditures and €239.0 million in acquisitions of property, plant and equipment. During this period, our network coverage has expanded from 5,900 municipalities in 2018 to 6,300 municipalities in 2021, from 66% to approximately 80% of households in our Target Addressable Market and from 0.5% in 2018 to 34.6% in 2021 of our Target Addressable Market in the South of Italy and Italian islands. The number of BTS reached approximately 3,400 on August 31, 2021 (an increase of approximately +45% compared to March 31, 2018). Between 2019 and 2021, we increased the internet access capacity of our network from 720 Gbps to 2,250 Gbps, with the large part of this increase achieved during 2020 in order to cope with the increase in data traffic and internet usage during the COVID 19 pandemic. As a result, our network today has sufficient capacity to support our expectations of an exponential growth in data consumption.

The graphics below show our FWA network coverage by region as percentage of households and number of active BTS covered as of June 30, 2021.

FWA NETWORK COVERAGE BY REGION AS PERCENTAGE OF HOUSEHOLDS



FWA NETWORK COVERAGE BY REGION AS NUMBER OF ACTIVE BTS



We believe our largely proprietary infrastructure network is unique and provides us with a number of competitive advantages. It is the only FWA infrastructure network in Italy already deployed and that guarantees an 80% coverage of our Target Addressable Market, which provides us with a clear "first mover advantage". Our network is an end-to-end network built on largely proprietary infrastructure or operated under long-term contracts. Our backbone and distribution networks are secured through long-term quasi ownership contracts with leading providers. The network is resilient, has ample spare capacity and ensures best in class performance even at traffic peaks. We have a diverse high-frequency spectrum ownership, representing the second largest spectrum ownership in Italy across millimeter wavers and second only to TIM, leveraging the 26 GHz spectrum and the 28 GHz spectrum. Finally, our network enables us to offer market leading speeds of 100 Mbps and, for selected business customers, up to 1 Gbps.

Our infrastructure network represents a significant barrier to entry in our Target Addressable Market given the large investments required to build the network and the economic disadvantages that would result from an overbuild in the same areas, such as such as the risk of lower penetration and inability to reach the optimal saturation levels for each installed BTS. By offering our excess capacity in our Target Addressable Market to other telecommunications operators under wholesale arrangements, we retain our infrastructure leadership while discouraging competitors from deploying their own FWA network; instead the operators rely on our state-of-the-art infrastructure. In addition, the provision of a 28 GHz offering requires significant technical capabilities and capital investments as well as spectrum licenses that are not easily obtainable for operators lacking familiarity with the spectrum license tender process. We believe our business is protected also by our capillary local presence, technological know-how and proprietary network planning software and capabilities.

Superior utility-like offering resulting in high customer satisfaction, low churn rates and high proportion of subscription-based revenues.

We have a superior utility-like service offering that is underpinned by a high proportion of subscription-based revenues from recurring monthly debits by customers, market leading low churn rates and high customer satisfaction levels.

Our revenues generated by monthly subscription contracts represented 94%, 94% and 93% of our total revenues and other income for the twelve months ended June 30, 2021, the year ended March 31, 2021 and the year ended March 31 2020, respectively.

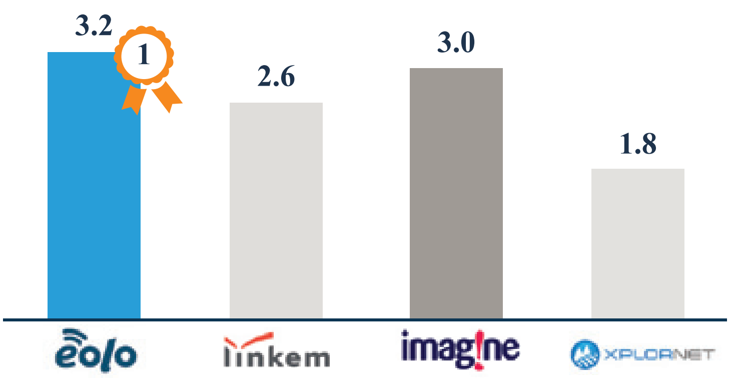
Our B2C offering includes a monthly subscription-based solution (*i.e.*, *EOLO più*) and a prepaid solution (*i.e.*, *EOLO Quando Vuoi*). Our monthly subscription-based solution, currently at €24.90 per month, includes unlimited voice, and can be bundled with three additional packages that enable better connections or quality of service based on customer needs ("Entertainment" (streaming and gaming), "Study & Work" (studying and remote working applications) and "Security" (antivirus and parental control)), which increases the monthly price to up to €36.90. Approximately 76% of our B2C Subscribers using our monthly subscription solution chooses at least one additional service as of March 31, 2021. Our revenues generated through sales to B2C Subscribers are mostly entirely derived from subscription based solutions (99%, 99% and 100% in the years ended March 31, 2021, 2020 and 2019, respectively). Only 1% of our revenues generated by sales to B2C Subscribers derive from sales to pre-paid customers that typically use our services on a seasonal basis (such as during vacation periods), which further illustrates the stable nature of our customer base and revenues.

Our high-quality service is reflected by market leading low churn rates and stable Blended ARPU over time. For the years ended March 31, 2019, 2020 and 2021, our Blended Churn Rate was 11.8%, 10.8% and 12.5%, respectively. These levels compare with average churn rates for the Italian broadband market over such periods of 26.3%, 22.7% and 24.2% respectively. Our average Blended Churn Rate 2019-2021 of 11.7% is in line with the churn rate for FTTH (10% average for the years 2016 to 2019) and considerably lower than churn rates for other fixed broadband technologies, such as FTTC (22% average for the years 2016 to 2019) and ADSL (40% average for the years 2016 to 2019). In the year ended March 31, 2021, we experienced a slight increase in churn rates due to the COVID-19 lock downs, which led to higher network saturation and increases of technical issues. In general, however, the low levels of our Blended Churn Rates reflect the loyalty of our customer base and its high satisfaction levels.

Our Blended ARPU has been stable over the past three years, amounting to €29.9, €29.8, €29.5 and €29.4 per month in the years ended March 31, 2019, 2020 and 2021 and the twelve months ended June 30, 2021, respectively.

The chart below shows the average score in the FWA market as of June 30, 2021, based on the Netflix ISP speed index.

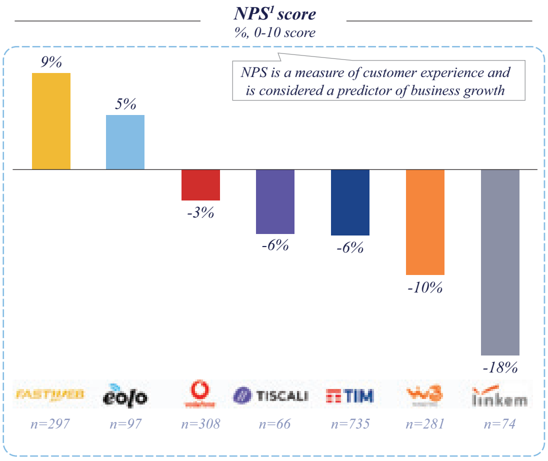
Netflix ISP speed index(1)



(1) Based on Netflix ISP speed index as of August 2021 (Netflix bitrate: 1 Mbps=low; 4 Mbps=high).

In addition, our customer service is supported by our capillary-like presence in our Target Addressable Market through our FWA network itself, which due to our network of professionals and system integrators located in the different regions, has resulted in a strong territorial presence that has allowed us take advantage of the deep territorial knowledge gained through the years, in morphological (*i.e.*, geographic features, building and population density) and technical terms. This is supported by a wide network of 1,500 installers who have a broad and deep knowledge of their local market characteristics, customer base and competitor behavior. This capillary-like presence has been developed over the years through our experience and research and development investments. We use our proprietary software, including G-EOLO (our location intelligence system) and Datawave (our management tool for development and assurance processes, inventory and warehouse management) to support our local presence. Our capillary local presence enables us to offer best-in-class intervention services and low time to market reflected by our average time to market of 10-14 days (from order to activation). In addition, our trained installer base offers an effective maintenance and repair service and enables us to effectively capture cross-selling opportunities. We believe that this bespoke approach distinguishes our offer from that of the large FTTH/FTTC groups and other Italian FWA operators that do not have this deep presence in, or our demonstrated commitment to, our Target Addressable Market.

Our high Net Promoter Score at national level ("**NPS**") (as of November 2020) reflects our high customer satisfaction, ranking EOLO as the second best-in-class after the national FTTH leader Fastweb.



(1) NPS is calculated as promoters (respondents with 9 or 10 score) –distractors (respondents with 0-6 scores) divided by all respondents.

We believe that our strong NPS score, the strong loyalty of our customer base as reflected by our market leading low churn rates and the high proportion of subscription based revenues provide us with stability and predictability in our financial performance and demonstrate the utility-like nature of our service offering.

Strong financial performance with high profit margins and large proportion of success-based capital expenditures resulting in attractive cash flow dynamics.

We have a demonstrated a strong financial performance with a high growth in revenues and Adjusted EBITDA. In addition, our high profit margins, high proportion of success-based growth capital expenditures and structurally negative working capital provide us with attractive cash flow dynamics and a high degree of control over our cash flow generation.

As compared to the year ended March 31, 2019, our total revenues and other income, and Adjusted EBITDA increased from €129.8 million, and €67.7 million to €198.3 million (a CAGR of 20.7%) and €107.9 million (a CAGR of 23.0%) for the twelve months ended June 30, 2021. Over the same period, our loss for the year/period increased from €0.5 million to €14.9 million. The increase in total revenues and other income and Adjusted EBITDA was driven by a significant growth in our subscriber base at a CAGR of 19.6% from March 31, 2019 to June 30, 2021 and a stable Blended ARPU. Over this period, our Adjusted EBITDA margins increased from 52.2% to 54.4% driven by our strong revenue growth and economies of scale deriving from our network scalability. We expect our Adjusted EBITDA margin to improve as we continue to grow our network coverage and customer base. We should also benefit from decreasing subscriber acquisition costs ("**SAC**") (as a proportion of revenues) as our growth rates normalize. Additionally, we expect that by selling excess capacity to other operators and growing our Wholesale business, we can increase the utilization of our asset base and benefit from operating synergies.

We achieved strong financial performance during the COVID-19 pandemic due to the growth of our B2C and B2B customer base resulting in an overall 19.6% growth in our subscribers between March 31, 2020 and March 31, 2021, and benefited from the increased, accelerated investments that we made at the start of the pandemic in order to adapt our network capacity to a growing demand for broadband capacity and services, particularly in fiber backhauling and the rollout of our 28 GHz service.

We have invested approximately €300 million in Adjusted Capital Expenditures and €239.0 million in acquisitions of property, plant and equipment during the three year period. Our Adjusted Capital Expenditures have grown at a CAGR of 17.9% from 2019 to 2021 to sustain an increased geographic coverage, a larger customer base and an increase of our network capacity to support the growing data traffic during the pandemic.

We have made significant investments to support growth, mainly for CPE, including the higher cost 28 GHz CPEs, and BTS/backhauling infrastructure. Investments in CPEs (including installation) and BTS represent the large majority of our Adjusted Capital Expenditures, equal to 83.7%, 83.0% and 79.7% of the total for the years ended March 31, 2019, 2020 and 2021, respectively. For the years ended March 31, 2019, 2020 and 2021, approximately 63.0% , 64.3% and 62.4%, respectively of our Adjusted Capital Expenditures are growth-related with the balance related to investments aimed at preserving our current customer base (e.g., maintenance, network upgrading and subscriber base upselling toward 28GHz spectrum). Of our Growth Adjusted Capital Expenditures, the majority relates to CPE and are therefore success-based. CPEs is installed only after the execution of a new contract with the client and if the client decides to terminate the contract, we charge a penalty to retrieve CPEs from a customer's premises. The remaining Growth Adjusted Capital Expenditures relate to increases in data capacity and BTS investments, which are determined by our data driven technologically advanced network development applications, which have proven successful so far in identifying new areas of profitable growth. For these reasons, we believe that a large proportion of our Growth Adjusted Capital Expenditures are low risk, success based and closely related to the growth in our customer base.

We also believe we can exert a good degree of control over our cashflow generation capability. Expenditures related to the purchase of CPEs and BTS represent the largest portion of our Adjusted Capital Expenditures. We enter into arrangements with suppliers that include purchase commitments of up to one year; however, our arrangement with Cambium, our current major supplier of CPEs, includes purchase commitments of up to three months. As a result, we have low proportion of committed capital expenditures. In addition, a significant component of our costs are marketing and sales costs, which are mainly variable as they relate to new subscriber acquisition and therefore they increase in absolute value alongside customer base. The short commitment period of our largest capital expenditure items and the significant proportion of operating costs directly linked to new customer acquisitions provide us with additional cashflow flexibility in periods of low market growth or periods of reduced investments in network growth. Our cashflow generation is also supported by a structurally negative working capital as retail customers are billed in advance on a bi-monthly basis.

Our business has a demonstrated ability to generate robust cashflows pre-growth capital expenditure. Over the last three years, our Cash Available for Debt Service (pre-growth) amounted to €28.6 million in 2019, €43.8 million in 2020 and €57.5 million in 2021, resulting in robust Cash Conversion of 42.2% in 2019, 50.0% in 2020 and 53.4% in 2021. We have historically reinvested these cashflows in our business to sustain our increased geographic coverage and network expansion. For the same periods, our net cash flows generated by operating activities was €56.8 million, €83.3 million and €91.6 million, respectively.

We plan to continue to invest in growth capital expenditures to expand our network coverage and subscriber base and exploit the substantial growth opportunity presented by our Target Addressable Market, which we expect will continue to generate a profitable revenue growth deriving from our operating leverage and scalable business model. We intend to continue to use our internal cashflow generation to finance our growth together with the additional liquidity raised through the Transactions and to pursue a prudent financial policy carefully monitoring our financial leverage and maintaining sufficient liquidity sources. We expect that our high profit margins, low maintenance capital expenditures, high proportion of success-based growth capital expenditures, low committed capital expenditures and structurally negative working capital will continue to provide us with attractive cashflow dynamics and a high degree of control over our cashflow generation.

Highly committed Sponsor investing in unique infrastructure network and strongly experienced management team with clear industry vision.

We are supported by our highly committed sponsor, Partners Group, and our founder and Chief Executive Officer and senior executive team. As part of the Acquisition, funds managed and/or advised by Partners Group and our founder are contributing €910.1 million of new equity (consisting of equity and subordinated shareholder loan) funds and rollover equity funding (consisting of equity and subordinated shareholder loan) to the Group, representing approximately 70% of our capitalization as adjusted for the Acquisition. We believe this investment reflects our shareholders' commitment to the business.

Our founder and Chief Executive Officer, Luca Spada, founded the business in 1999, and has guided us through our development and growth over the last twenty years with his clear industry vision and emphasis on developing proprietary solutions to the challenges faced in offering state-of-the-art FWA services to the underserved suburban and rural areas of Italy, thus closing the digital and speed divide for these areas. Luca Spada will indirectly re-invest in EOLO through his vehicle Cometa, retaining a 25% ownership and will continue to act as CEO and a member of our board of directors.

The eight members of our senior executive team have over 170 years of combined telecommunications and technology experience gained at leading participants in the sector, including Vodafone, Open Fiber, TIM, BT, Sky, Fastweb, Metroweb and Iliad. Our management has a strong track record of delivering strong organic growth and successfully completing large capital expenditures investment plans.

Moreover, following the Acquisition, we expect to benefit from the market expertise, business relationships, knowledge and experience of Partners Group, which is a global private markets investment management firm. The acquisition of EOLO is financed with dedicated infrastructure capital. In private infrastructure, Partners Group manages assets of USD 16 billion and has on behalf of its clients directly invested in more than 140 businesses and assets since inception. The investment focus in private infrastructure is on companies and assets that combine recurring cash flows with value creation opportunities. We expect therefore to benefit from Partners Group track record and expertise in the infrastructure sector, including in particular the telecommunications sector.

Our Strategies

We intend to grow our business and maintain our market leadership by implementing the following strategies:

Continue the technological upgrade of our FWA network to offer higher connection speeds and improved quality of service.

Our technological know-how represents an important driver of our success and a distinct competitive advantage. Our proprietary data-driven network planning and cost-conscious approach to new installations have historically yielded successful network expansion, generated high customer satisfaction levels and supported our profitable growth. We intend to continue the technological upgrade of our infrastructure network to offer high connection speeds and improved service quality, to upsell our service offering to our existing customer base and to manage our churn rate. Our network upgrade is based on three key pillars:

- *Migration from EOLO Wave to EOLO Wave G*. EOLO Wave is the FWA broadband service which leverages the 5GHz unlicensed spectrum (or 3.5 GHz in Valle d'Aosta) and offers a maximum download speed of 30 Mbps. EOLO Wave G is the ultra-broadband FWA service using the 28 GHz licensed spectrum and offers a maximum speed of 100 Mbps and up to 1 Gbps for selected B2B customers (*i.e.*, customers who have a PTP connection). As of June 30, 2021, approximately 76% and 23% of our customers relied on EOLO Wave and EOLO Wave G, respectively, for their connectivity. In recent years, we have started to increase our 28 GHz presence and migrate subscribers from 5 GHz to 28 GHz plans. The historical churn rate is higher on 5 GHz products as compared to 28 GHz products as 28 GHz products have higher performance. As a result, one of the tools that we have to proactively prevent churn is to offer upgrades to customers who may be served by BTS that are over-utilized in the 5 GHz bandwidth. As we increase our 28 GHz presence, we intend to follow our roadmap to attain download speeds of up to 300 Mbps in the near future and provide this solution to all of our customers relying on EOLO Wave G for their connectivity.

- *Expansion of our fiber backhauling.* Our distribution network is based on fiber backhauling and radio links. Our fiber backhauling provides direct fiber connections which bring higher capacity and availability as compared to our radio links. Our fiber backhauling is secured by leased capacity circuits. As part of our strategy to expand our fiber backhauling and therefore improve our network reliability and efficiency, in 2021 we signed an agreement with Open Fiber which secured us access to an additional 1,000 FTTA links.

- *Continuous development of our proprietary software and applications.* We continue to make investments to drive the development of our own digital infrastructure in order to improve reliability, coverage and speed. Our research and development efforts in recent years have included, and will continue to include, two main projects: 5G NR (New Radio) and traffic optimization. 5G NR is a new radio access technology developed for 5G mobile networks. It is designed to be the global standard for the air interface of 5G networks. In recent years, we have been working with our suppliers to develop a 5G NR standard compatible solution able to support FWA technology services. In our second main project, since 2014 we have developed our own BTS router with the goal of optimizing network traffic. We have also developed Otelma, our in-house designed software, which continuously applies traffic steering policies to avoid backhauling congestion. Our goal is to leverage our research and development outputs and roll them out across our network to support the reliability, redundancy and efficiency of the services we provide.

Accelerate network expansion to cover underserved White and Grey Areas in our Target Addressable Market to acquire new customers.

We intend to accelerate the nationwide expansion of our FWA infrastructure network, particularly in the South of Italy where we have less of a presence. Our FWA network presently covers approximately 80% of households in our Target Addressable Market and we expect this coverage to increase significantly following expansion of our fiber backhauling, the deployment of new 28 GHz BTS and the upgrade of existing BTS. We plan to continue to manage carefully our FWA network expansion and maximize our network efficiency leveraging the following:

- *Our network planning tools*. We will continue to use our proprietary, data-driven network planning and installation tools and applications, such as EOLIA and G-EOLO. Using these tools, we carry out in-depth analyses using multiple criteria to assess potential new development areas, including: the coverage request coming from a certain area, the market potential, socio-demographic characteristics and the competitor presence. This process allows us to assess a suitability score to each area and to highlight the most profitable areas for our coverage expansion. After the area has been identified, we conduct the on-site survey to choose the optimum tower sites and finalize the technical configuration. The process ends with the devices being activated and configured by EOLIA. By using this process and our proprietary software application EOLIA, we have been able to optimize our selection process for new installations and achieve attractive payback periods for our investments in network expansion.

- *Deep territorial knowledge*. Our installers represent a unique asset and are critical to our success. We have been supporting the creation of our community of installers providing continuous training, assistance, supporting tools and applications and engagement activities. Installers are selected based on their connections with the territory and their experience and we believe this will help us acquire customers in underserved areas and build our new customers' loyalty, as installers represent a trusted point of reference for customers.

The large majority of the investments that we have made over the past three years to expand our FWA network included investments in CPE (including installation) and BTS (equal to 83.7%, 83.0% and 79.7% of our Adjusted Capital Expenditures for the years ended March 31, 2019, 2020 and 2021, respectively). For the years ended March 31, 2019, 2020 and 2021, approximately 63.0% , 64.3% and 62.4%, respectively, of our Adjusted Capital Expenditure are growth-related with the balance related to investments aimed at preserving our current customer base (*e.g.*, maintenance, network upgrading and subscriber base upselling to 28 GHz spectrum solutions). Of our Adjusted Growth Capital Expenditures, the majority relates to CPE and is therefore success-based. Our remaining Adjusted Growth Capital Expenditures relate to increases in data capacity and BTS investments, which are driven by our data driven technologically-advanced network development applications, which have proven successful so far in identifying new areas of profitable growth. For these reasons, we believe that a large proportion of our Adjusted Growth Capital Expenditures are low risk, success based and closely related to the growth of our customer base. We intend to continue to be disciplined in our selection process of new areas of profitable growth.

We believe that we are well-positioned to expand our subscriber base in Grey II and White areas for the reasons outlined in the table below.

BB Areas	EOLO's strategy
Grey II	• Target an underpenetrated market of 4.6 million households with better technology (FWA) than currently available (FTTC and ADSL), and where FTTH coverage is not expected. • The Government is concentrated on bridging the digital divide and therefore we expect that future government tenders will be focused on areas where EOLO is not already present. • The Government may offer public subsidies to private operators in underserved areas where none are currently present or plan to expand into; this may offer upside potential related to areas currently not included in EOLO's network coverage plan that has been shared with the Government.

BB Areas	EOLO's strategy
White I	• Target an underpenetrated market of 4.0 million households currently served with low-speed broadband and where FWA is the best technological alternative to FTTH. • FWA and FTTH can co-exist in White I areas for the long term and jointly address the digital divide. FTTH is not expected to be rolled out in 100% of White I households due to high technical KO rates and expensive last mile connection. • Open Fiber's delay in network roll-out opens a window of opportunity for EOLO to capture subscribers first and then prevent these subscribers from changing to other operators when EOLO is rolled out by offering speeds that would be sufficient for most consumers. EOLO will also be able to re-sell Open Fiber's open-access FTTH to its customers as a churn mitigation tactic.
White II	• Target underpenetrated market of 2.9 million households with better technology (FWA) than currently available (FTTC and ADSL), and where no FTTH coverage is currently foreseen. • Pre-empt Open Fiber's FWA network roll-out by rolling out its own network first. Considering the delay in Open Fiber's roll-out plan (only 3.6% of FWA network has been completed as of August 2021), and EOLO's territorial and technological knowledge, we believe EOLO has a strong competitive edge. As of February 2021, Open Fiber received 321 FWA orders (81% KO rate compared to 25% KO EOLO's rate).

Continue expansion of our wholesale footprint.

As the first mover in our Target Addressable Market, we have established a high-quality infrastructure network which is difficult to replicate in a cost-efficient way. We currently offer and expect to continue to offer our excess capacity to other national operators that can exploit EOLO's infrastructure to either sell solutions to new customers who are located in areas where such operators do not have a network infrastructure or migrate customers currently served through underperforming technologies in our Target Addressable Market. In addition, we plan to expand our wholesale channel by selling our solutions to independent and local ISP who are not able to sustain the network investments required to update their wireless networks with the latest technologies or to adapt their capacity to the increased traffic.

We intend to aggressively expand our wholesale offering as we see a number of benefits that we can achieve from doing so. Offering our excess capacity to other operators will reduce our subscriber acquisition costs, thereby helping to de-risk the commercial strategy of our core B2C and B2B businesses and discourage competitors from deploying their own FWA network, and instead having competitors rely on our state-of-the-art infrastructure. The resulting growth in the subscriber base should enable us to improve our network efficiency by utilizing available capacity with no impact on the connection quality for our customers. In addition, we believe that expanding our wholesale offering in areas where we are the sole provider of FWA services will help manage our churn rate as customers switching among operators hosted on our network will nevertheless continue to use our infrastructure. Additionally, we expect that by selling excess capacity to other operators and growing our wholesale business, we maximize the utilization of our asset base further benefitting from operating synergies.

Prior to 2021, our wholesale distribution was limited only to B2B customers through the agreement signed with Wind 3 and other operators. Following the recently announced memorandum of understanding with TIM, we intend to expand our wholesale distribution to B2C customers. We intend to sell to our Wholesale Subscribers through other ISPs, system integrators and national (*e.g.*, Retelit, Fastweb and Vianova) and international (*e.g.*, Sparkle, NTT, Telefònica, Verizon, BT and AT&T) internet providers. We expect that our wholesale strategy will be a key driver of our future growth in subscribers and market share.

Capitalize on attractive organic and inorganic growth opportunities.

We will continue to evaluate additional organic and inorganic growth opportunities in the FWA market in Italy and outside Italy over the medium term to long term.

In particular, we may consider options with respect to launching our own mobile offering in order to further enhance our existing customer proposition by cross-selling mobile services, thus encouraging our customers to subscribe to both fixed-line and mobile services, which we expect will result in a reduction of customer churn rate. We intend to apply a strategic cost-benefit analysis to evaluate potential targets and growth opportunities and only pursue such growth opportunities that are accretive to cash flow generation.

In addition, we may selectively consider opportunities for consolidation in the fragmented FWA market in Italy, which includes a number small local FWA operators.

In the longer term, we will explore the potential exporting of our FWA business model to other appropriate European markets that have market characteristics and competitive dynamics that are similar to those of the Italian market.

The Transactions

The Acquisition

On July 17, 2021, the Issuer entered into the Acquisition Agreement with the Sellers to acquire the entire issued and outstanding share capital of the Target.

At signature of the Acquisition Agreement, the consummation of the Acquisition was subject to the satisfaction of two conditions precedent: (i) obtaining a decision, in whatever form (including a declaration of lack of jurisdiction) by the MED, concerning the transfer of the radiofrequency rights of use and/or the change of control and/or the relevant authorizations pursuant to the provisions set forth by the applicable law governing the electronic communications sector and (ii) obtaining the authorization of the Acquisition by the presidency of the Italian Council of Ministries (*Presidenza del Consiglio dei Ministri*) under Law 56 of May 11, 2012, and the relevant implementing decrees adopted by the Italian government and the President of the Italian Republic, and under Law No. 133 of November 18, 2019, all as subsequently amended and supplemented (the "**Italian Golden Power Legislation**").

On September 2, 2021, we obtained the authorization by the Italian Counsel of Ministries concerning Italian Golden Power Legislation and on September 24, 2021 we obtained the authorization by the MED concerning the transfer of the radiofrequency rights of use and/or the change of control and/or the relevant authorizations. Therefore, we expect that the Acquisition Closing Date will occur by the end of October 2021. See "*Risk Factors—Risks Related to the Transactions—The Issuer does not currently control the Target and will not control the Target until completion of the Acquisition and the Acquisition is subject to significant uncertainties and risks.*"

Consideration for the Acquisition will consist of a base price of €1,125.0 million. In addition, the purchase price will be reduced by the amount of leakages, being actions undertaken after March 31, 2021 and resulting in the loss of cash or other value from the Target in favor of the relevant selling shareholder(s) or their related parties, such as the payment of any dividends, any other payments or disposals, assignments or transfer of assets or any payments made pursuant to any guarantee, indemnity or similar obligation, among other things, in each case to the extent not expressly permitted by the Acquisition Agreement (collectively, the "**Leakages**"). As part of the Transactions and concurrently with the completion of the Acquisition, Cometa will indirectly reinvest into the Target through the subscription and payment of an equity stake in HoldCo representing 25% of the share capital of HoldCo. See "*—Sources and Uses*" and "*Use of Proceeds*."

The Acquisition Agreement contains customary warranties and indemnities given by the Sellers as to capacity and title as well as customary covenants given by the Sellers regarding, among other things, the conduct of the business and the affairs of the Target pending closing of the Acquisition. The Sellers' liability for any breach of a warranty is subject to certain thresholds and limitations.

Although the Sellers have given certain customary representations, warranties and indemnities in the Acquisition Agreement, the Issuer may not be able to enforce claims against the Sellers relating to breaches of these representations, warranties and indemnities. See "*Risk Factors—Risks Related to the Transactions—We may not be able to enforce claims relating to a breach of the representations and warranties that the Sellers have provided to the Issuer under the Acquisition Agreement*."

As part of the Acquisition and in accordance with the provisions included in the Shareholder Agreement (as defined herein), the Sponsor expects to allocate certain equity instruments of HoldCo to certain current and future members of our senior management team through an incentive plan to be implemented on or as soon as practicable following completion of the Acquisition. See "*Principal Shareholders*" and "*Certain Relationships and Related Party Transactions—Management Co-Investment Plan.*"

The Financing

The Transactions are expected to require a total of €1,299.8 million in a combination of debt and equity financing and cash available on the Target's balance sheet. The Transactions will be financed with (i) proceeds from the

Offering in an aggregate principal amount of €375.0 million and (ii) €910.1 million of shareholder funding in the form of (a) an equity contribution to be provided by HoldCo to the Issuer (in the amount of €182.0 million) and (b) a deeply subordinated shareholder loan by HoldCo to the Issuer for an amount of €728.1 million, (together, "**Shareholder Funding**") and (iii) €14.7 million of available cash on the Target's balance sheet. We refer to the Offering and the Shareholder Funding (and the use of available cash), together, as the "**Financing**."

The proceeds from the Financing will be used by the Issuer to:

- fund the Funding Loan by using an estimated €146.1 million representing all the proceeds from Tranche B (as defined under "*—Sources and Uses*" below) under the Notes;
- fund the consideration payable under the Acquisition Agreement by using (x) proceeds from the Shareholder Funding, and (y) an estimated €214.9 million representing all the proceeds from Tranche A (as defined under "*—Sources and Uses*" below) under the Notes; and
- pay certain fees and expenses in connection with the Transactions, including estimated fees and expenses to be incurred in connection with the Offering, by using an estimated €14.0 million representing all the proceeds from Tranche C (as defined under "*—Sources and Uses*" below) under the Notes.

For the avoidance of doubt, the "virtual tranching" of the Notes is aimed at identifying the separate portions of the proceeds from the Offering to be used by the Issuer to, on the one hand, consummate the Acquisition and, on the other hand, make the Funding Loan for purposes of, *inter alia*, the Refinancing, and will not entail issuing separate identifiers (ISINs or Common Codes) for each such virtual tranche under the Notes. See "*Use of proceeds*," "*Capitalization*" and "*Description of the Notes*."

On or prior to the Issue Date, the Issuer will enter into the Revolving Credit Facility Agreement, pursuant to which the Revolving Credit Facility will be made available for drawings in the amount of up to €125.0 million, which we currently expect to be undrawn on the Acquisition Closing Date. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*."

The Refinancing

On the Acquisition Closing Date, the Issuer will use the proceeds from Tranche B (as defined under "*Use of Proceeds*") under the Notes to fund the Funding Loan, a portion of which will be used by the Target to repay or otherwise refinance the Refinanced Target Indebtedness (the "**Refinancing**"). As of June 30, 2021, the principal amount of the Refinanced Target Indebtedness amounted to €119.9 million, excluding accrued and unpaid interest of €0.6 million as of June 30, 2021. The principal amount of Refinanced Target Indebtedness as well as the amount of accrued and unpaid interest outstanding and payable on the Acquisition Closing Date may vary from the amounts outstanding and due on June 30, 2021. If the amount required to repay the Refinanced Target Indebtedness on the Acquisition Closing Date exceeds the outstanding amount as of June 30, 2021, the amount of cash on balance sheet following the Transactions will be reduced commensurately to fund any shortfall in order to complete the Transactions. See "*—Sources and Uses*."

We refer to the incorporation of the Issuer, the Acquisition, the Financing, the Refinancing, the entry into the Revolving Credit Facility Agreement, the Shareholder Funding and the application of proceeds as set forth under "*Use of Proceeds*," collectively, as the "**Transactions**." See "*Use of Proceeds*," "*Capitalization*," "*Description of Certain Financing Arrangements*" and "*Description of the Notes*."

Escrow Account

Pending the consummation of the Acquisition, the Initial Purchasers will deposit the gross proceeds from the Offering into the Escrow Account. The Escrow Account will be controlled by the Escrow Agent and pledged on a first-ranking basis in favor of the Trustee on behalf of the holders of the Notes. The release of the Escrowed Property is subject to the satisfaction of certain conditions, including the consummation of the Acquisition promptly following release of the funds in the Escrow Account. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*." If these conditions are not satisfied on or prior to the Escrow Longstop Date or upon the occurrence of certain other events, the Notes will be subject to the Special Mandatory Redemption. The Special Mandatory Redemption price for the Notes will be equal to 100% of the aggregate issue price of the Notes plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to, but excluding, the date of such Special Mandatory Redemption. Pursuant to a shortfall agreement between the Issuer and HoldCo to be entered on or about the Issue Date, HoldCo will be required to contribute to the Escrow Account an amount necessary to fund the accrued and unpaid interest on the Notes and Additional Amounts, if any, from the Issue Date to, but excluding, the date of such Special Mandatory Redemption, as well as negative interest accruing on the Escrow Account during such period (if any). Amounts may be released from the Escrow Accounts prior to the Acquisition Closing Date to pay negative interest charged on the Escrow Account and to pay interest on the Notes on any interest payment date in respect thereof occurring prior to the release of the proceeds from escrow. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*" and "*Risk Factors—Risks Related to the Transactions—If the conditions of the escrow are not satisfied on or prior to the Escrow Longstop Date, the Issuer will be required to redeem the Notes, which means that you may not obtain the return you expect on the Notes. In addition, the Issuer might not have sufficient funds to pay all of the amounts due to the holders of the Notes in the event of a Special Mandatory Redemption.*"

Sources and Uses

The estimated sources and uses of the funds necessary to consummate the Transactions are shown in the table below assuming the Acquisition Closing Date had occurred on June 30, 2021. Actual amounts will vary from the amounts shown in this table depending on several factors, including the actual Acquisition Closing Date, the outstanding amount of borrowings and accrued interest under the Refinanced Target Indebtedness on such date, the amount of cash available on the balance sheet of the Target on such date and differences from our estimates of fees and expenses associated with the Transactions.

Sources of Funds	Amount	Uses of Funds	Amount
	(€ million)		(€ million)
Gross proceeds from the Offering	375.0	Purchase price for the Acquisition(3)	1,125.0
Shareholder Funding(1)	910.1	Repayment of the Refinanced Target Indebtedness(4)	119.9
Cash on Target's balance sheet(2)	14.7	Transaction fees and expenses(5)	14.0
		Cash funded to the Target's balance sheet(6)	40.9
Total Sources	**1,299.8**	**Total Uses**	**1,299.8**

(1) The Shareholder Funding comprises (a) an equity contribution to be provided by HoldCo to the Issuer (in the amount of €182.0 million) and (b) a deeply subordinated shareholder loan by HoldCo to the Issuer for an amount of €728.1 million (the "**Shareholder Loan**").

(2) Represents the amount of cash and cash equivalents on the Target's balance sheet as of June 30, 2021 that is expected to be used, together with a portion of the amounts made available under the Funding Loan, to repay in full and cancel the Refinanced Target Indebtedness on the Acquisition Closing Date. See "*Capitalization.*"

(3) Represents the estimated cash purchase price payable to the Sellers for the shares of the Target to be acquired under the Acquisition Agreement on the Acquisition Closing Date and to be financed by using the proceeds from the Shareholder Funding and all the proceeds from virtual tranche A ("**Tranche A**") under the Notes, as further described under "*—The Transactions—The Financing*" above.

(4) Represents the aggregate principal amount of Refinanced Target Indebtedness as of June 30, 2021, which we expect Target to repay in full and cancel on the Acquisition Closing Date using the proceeds from the Funding Loan, to be made by the Issuer to the Target on or about the Acquisition Closing Date by using a portion of the proceeds from virtual tranche B ("**Tranche B**") under the Notes, as further described under "*—The Transactions—The Financing*" above. The principal amount of Refinanced Target Indebtedness shown in the table above excludes accrued and unpaid interest of €0.6 million as of June 30, 2021. The principal amount of Refinanced Target Indebtedness as well as the amount of accrued and unpaid interest outstanding and payable on the Acquisition Closing Date may vary from the amounts outstanding and due on June 30, 2021. If the amount required to repay the Refinanced Target Indebtedness on the Acquisition Closing Date exceeds the estimated amount set forth in the table above, the amount of cash on balance sheet following the Transactions will be reduced commensurately. See "*Capitalization.*"

(5) Represents the estimated fees and expenses that will be payable in connection with the Transactions, including legal and other advisor fees and transaction expenses to be financed with all the proceeds from virtual tranche C ("**Tranche C**") under the Notes, as further described under "*—The Transactions—The Financing*" above. The actual amount of fees and expenses payable on the Acquisition Closing Date may differ from the estimated amount shown in the table above. If the actual amount of fees and expenses payable on the Acquisition Closing Date exceeds the estimated amount set forth in the table above, the amount of cash on balance sheet following the Transactions will be reduced commensurately.

(6) Represents the estimated amount of cash that will be funded to the Target's balance sheet in connection with the Transactions, which will be used for general corporate purposes, including, among other things, funding future capital expenditures, the payment of interest or the repayment of debt, including the Refinanced Target Indebtedness in the event the amount required to repay such indebtedness on the Acquisition Closing Date exceeds the estimated amount of Refinanced Target Indebtedness set forth in the table above. See "*Capitalization.*"

Post-Completion Merger

Following the Acquisition Closing Date, we intend to use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to merge the Issuer with the Target in accordance with Articles 2501-*bis* and following of the Italian Civil Code, which we expect to be resolved upon by (and exclusively involve) the Issuer and the Target (the "**Post-Completion Merger**"), during the 18 months following the Acquisition Closing Date. See "*Description of the Notes—Post-Completion Merger.*" We refer to the surviving entity of the Post-Completion Merger as "**MergerCo.**" Failure to complete the Post-Completion Merger shall not constitute a Default or an Event of Default under the Indenture. The Post-Completion Merger will be subject to certain conditions and requirements and may not be completed. See "*Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral—We may be unable to complete the Post-Completion Merger within the anticipated time frame, or at all.*"

In the event the Post-Completion Merger does not occur on or prior to the Cut-Off Date, the Issuer shall use commercially reasonable efforts to procure that the Target guarantees the Notes within 60 days of the Cut-Off Date, subject to the Agreed Security Principles and certain significant limitations pursuant to applicable laws. See "*Description of the Notes—Guarantee*," "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*" and "*Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral—The Guarantee and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.*"

Current Trading

Based on preliminary results derived from our unaudited management accounts and other information currently available, we estimate that our total revenues and other income increased by €3.0 million, or 9.6%, from €31.3 million for the two months ended August 31, 2020 to €34.3 million for the two months ended August 31, 2021. This increase was primarily due to the growth of our subscriber base. We estimate that for the same periods our Adjusted EBITDA increased from €17.3 million (an Adjusted EBITDA Margin of 55.2%) to €19.8 million (an Adjusted EBITDA Margin 57.7%).

The preliminary financial results presented above are derived from our accounting records and internal management accounts. This information has not been audited or reviewed, nor have any procedures been performed by our independent auditors with respect thereto. Accordingly, you should not place undue reliance on it, and no opinion or any other form of assurance is provided with respect thereto. Our preliminary financial results are based upon a number of assumptions and judgments that are subject to inherent uncertainties and are subject to change, and are not intended to be a comprehensive statement of our financial or operational results for the months of July and August 2021. We have not prepared, and do not intend to prepare, condensed interim financial statements for July and August 2021. Accordingly, the preliminary financial results presented above may change and those changes may be material. See "Risk Factors" and "Forward-Looking Statements."

The Issuer

The Issuer is a joint stock company (*società per azioni*) incorporated and existing under the laws of Italy. The Issuer was formed as a limited liability company (*società a responsabilità limitata*) on June 18, 2021 and was converted into a joint stock company (*società per azioni*) by way of a resolution of the extraordinary shareholders' meeting on September 14, 2021. The Issuer is registered with the Companies' register of Milan-Monza-Brianza-Lodi under registration number and fiscal code 11851310968. The registered office of the Issuer is at Via Montebello 27, Milan, 20121, Italy.

Our Principal Shareholders

Partners Group

Founded in 1996, Partners Group is a global private markets investment management firm with USD 119 billion in assets under management in private equity, private real estate, private infrastructure and private debt as at June 30, 2021. The firm manages a broad range of customized portfolios for an international clientele of institutional investors. Partners Group is headquartered in Zug, Switzerland and has offices in Denver, Houston, New York, Toronto, São Paulo, London, Guernsey, Paris, Luxembourg, Milan, Munich, Dubai, Mumbai, Singapore, Manila, Shanghai, Seoul, Tokyo and Sydney. The firm employs around 1,500 professionals and is listed on the SIX Swiss Exchange (symbol: PGHN) with a major ownership by its partners and employees. It had a market capitalization of CHF 42.8 billion as at September 17, 2021.

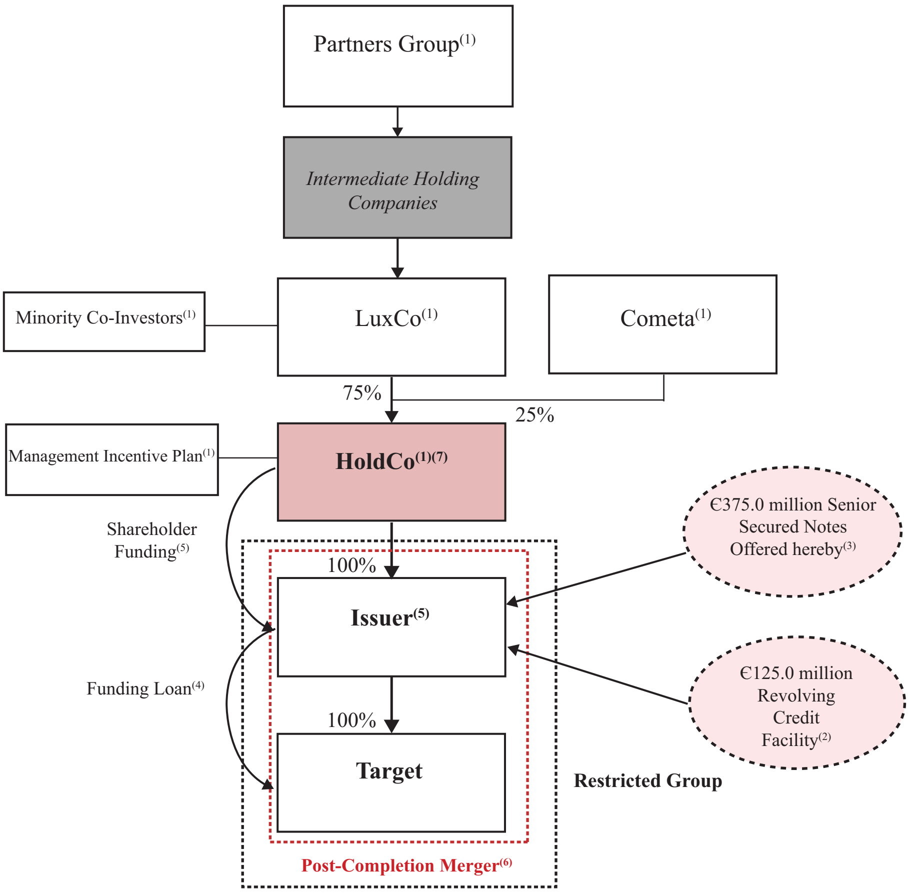
The acquisition of EOLO is financed with dedicated infrastructure capital. In private infrastructure, Partners Group manages assets of USD 16 billion and has on behalf of its clients directly invested in more than 140 businesses and assets since inception. The investment focus in private infrastructure is on companies and assets that combine recurring cash flows with value creation opportunities. Partners Group pursues a diversified and global relative value approach across geographic regions and industries. Selected private infrastructure investments include Axia NetMedia & Covage, Unity Digital Infrastructure, Techem, Telepass, Parmaco, Gren and Merkur Offshore.

Cometa

Cometa S.p.A. is a joint-stock company incorporated and existing under the laws of Italy, with registered office in Via Gran San Bernardo 12, 21052 Busto Arsizio (VA), Italy, registered with the Companies' Register of Varese under no. 07674300962. Cometa is indirectly controlled by the CEO of EOLO, Luca Spada.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following chart shows a simplified summary of our corporate and financing structure as of the date of this Offering Memorandum adjusted to give effect to the Transactions. All entities shown below are 100% directly or indirectly owned unless otherwise indicated. For a summary of the debt obligations identified in this diagram, please refer to the sections entitled "Description of the Notes," "Description of Certain Financing Arrangements" and "Capitalization." See "Principal Shareholders."



(1) Upon the consummation of the Acquisition, funds managed and/or advised by Partners Group will indirectly control the Target through its wholly owned subsidiary LuxCo. LuxCo will own 75% of the share capital of HoldCo, while Cometa will hold the remaining 25%. Funds managed and/or advised by Partners Group will initially hold the entire issued share capital of LuxCo. On or after the Acquisition Closing Date, SCP EPC UK Limited, which is a Seller and a vehicle managed by Searchlight Capital Partners L.P., may reinvest for a stake of up to approximately 10% to 15% of Luxco or a holding company thereof. Certain governance and other rights of the shareholders in HoldCo will be governed by the Shareholder Agreement. See "*Principal Shareholders—the Shareholder Agreement.*" On or following the Acquisition Closing Date, the Sponsor plans to implement a management incentive participation program for certain directors, managers and officers of the Group to subscribe for certain equity instruments of Holdco. See "*Certain Relationships and Related Party Transactions—Management Co-Investment Plan.*"

(2) The Revolving Credit Facility provides for aggregate borrowings of up to €125.0 million. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement.*" The initial borrower under the Revolving Credit Facility will be the Issuer. Under the terms of the Intercreditor Agreement and subject to applicable laws, the holders of Notes will receive proceeds from the enforcement of the Collateral only after the lenders under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) have been repaid in full. We currently expect that the Revolving Credit Facility will be undrawn on the Acquisition Closing Date.

(3) The Notes will be general, senior secured obligations of the Issuer, will rank senior in right of payment to all of the Issuer's future debt that is expressly subordinated in right of payment to the Notes and will rank *pari passu* in right of payment with the Issuer's existing and future debt that is not so subordinated, including the Issuer's obligations under the Revolving Credit Facility. On the Issue Date, the Notes will be secured, subject to certain perfection requirements, by the Escrowed Property. On or about the Acquisition Closing Date, the Notes will be secured, subject to the Agreed Security Principles and certain perfection requirements, by the Completion Collateral. Within 20 Business Days from the Acquisition Closing Date, the Notes will be secured, subject to the Agreed Security Principles and certain perfection requirements, by the Post-Completion Collateral. The Collateral will also secure the Revolving Credit Facility and certain hedging obligations (if any) on a *pari passu* basis. Under the terms of the Intercreditor Agreement, and subject to applicable laws, in the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from such Collateral only after the lenders under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) have been repaid in full. Any remaining proceeds received upon any enforcement action over any Collateral will be applied *pro rata* to the repayment of all obligations under the

Indenture and any other senior secured indebtedness of the Issuer or any subsidiary permitted to be incurred and secured by such Collateral pursuant to the Indenture and the Intercreditor Agreement. The security interests in the Collateral will be limited by applicable law and subject to certain defenses that may limit its validity and enforceability and may be released under certain circumstances. Although future subsidiaries of MergerCo may be required to grant note guarantees in the future under certain circumstances as described under "*Description of the Notes—Certain covenants—Future Guarantees*," as of the date of this Offering Memorandum, it is not expected that the Notes will be guaranteed if the Post-Completion Merger is completed. For further information, see "*Description of the Notes—Security*," "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*" and "*Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral.*"

(4) On the Acquisition Closing Date, the Issuer will make the Funding Loan with a portion of the proceeds under Tranche B (as defined under "*Use of Proceeds*") under the Notes to enable the Target to refinance the Refinanced Target Indebtedness and pay related fees and expenses, as further described under "*Summary—The Transactions—The Financing*." See "*Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral—The principal amount of the Funding Loan may be less than anticipated as a result of prepayments of certain indebtedness of the Target prior to the Acquisition Closing Date*." We expect that (i) the Rolled Target Indebtedness in a principal amount of €15.9 million and (ii) certain lease liabilities in a principal amount of €89.2 million will remain outstanding following the Acquisition Closing Date. See "*Capitalization*" and "*Description of Certain Financing Arrangements—Rolled Target Indebtedness.*" The proceeds from the Funding Loan will be used by the Target as described under "*Use of Proceeds*." The amount of the Funding Loan is estimated as of the date of this Offering Memorandum and may change depending on several factors, including the timing of the Acquisition Closing Date.

(5) The Transactions will be primarily financed with (i) proceeds from the Offering in an aggregate principal amount of €375.0 million and (ii) €910.1 million of shareholder funding in the form of (a) an equity contribution to be provided by HoldCo to the Issuer (in the amount of €182.0 million) and (b) a deeply subordinated and non-interest bearing shareholder loan by HoldCo to the Issuer for an amount of €728.1 million (the "**Shareholder Loan**"). The Shareholder Loan will be entered into on or about the Acquisition Closing Date and it will be governed by Italian Law. Pursuant to the Intercreditor Agreement and the Shareholder Loan, (i) the Issuer and HoldCo will agree that all their rights under the Shareholder Loan will be subject to the Intercreditor Agreement and that, prior to the maturity date thereof, the Issuer shall only be permitted to make a payment due under the Shareholder Loan to the extent such payment is permitted under the Intercreditor Agreement and the applicable finance documents (including the Indenture and the Revolving Credit Facility Agreement), (ii) the obligations of the Issuer in respect of the Shareholder Loan will be subordinated to the Notes, the Revolving Credit Facility and certain future liabilities of the Issuer, and (iii) the Shareholder Loan shall be subordinated to all current and future financial and non-financial liabilities of the Issuer, including with respect to trade creditors.

(6) The Issuer is a holding company incorporated under the laws of Italy as a joint stock company (*società per azioni*). The Issuer is currently not expected to engage in any activities other than those related to the Transactions, the management of the Target following the Acquisition and any other future potential transactions permitted by the Indenture. Following the Acquisition Closing Date, we intend to use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to merge the Issuer with the Target in accordance with applicable provisions of Italian law and as further described herein, with MergerCo being the surviving entity, during the 18 months following the Acquisition Closing Date. See "*Description of the Notes—Post-Completion Merger.*" The Post-Completion Merger will be subject to certain conditions and requirements and may not be completed. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—We may be unable to complete the Post-Completion Merger within the anticipated time frame, or at all.*" As of the Issue Date, the Target has no subsidiaries and therefore, following the Post-Completion Merger, MergerCo is not expected to have any subsidiaries and to be the sole obligor under the Indenture.

(7) On the Issue Date, the Notes will not be guaranteed. In the event the Post-Completion Merger does not occur on or prior to the Cut-Off Date, the Issuer shall use commercially reasonable efforts to procure that, subject to the Agreed Security Principles and certain significant limitations under Italian law, the Target guarantees the Notes within 60 days of the Cut-Off Date. See "*Description of the Notes—Guarantee*." Following the Acquisition Closing Date and prior to the Post-Completion Merger and, in the event that the Post Completion Merger does not occur on or prior to the Cut-Off Date, prior to the granting of the Guarantee by the Target, the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Issuer (including the Target). In the event that the Post-Completion Merger does not occur and after the granting of the Guarantee by the Target (and subject to any limitations thereon), the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Issuer, other than the Target (if any). After the Post-Completion Merger, no future subsidiary (if any) of MergerCo is expected to guarantee the Notes, and the Notes will therefore be structurally subordinated to any existing or future indebtedness or obligations of any future subsidiaries of MergerCo or the Target, as the case may be. The Guarantee will be subject to certain material contractual and legal limitations. By virtue of these limitations, a Guarantor's obligation under its Guarantee will be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests,*" "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*" and "*Risk Factors—Risks Related to the Notes the Guarantees and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantee and the Collateral may adversely affect the validity and enforceability of any Guarantee and the Collateral*." The Guarantees will be subject to the terms of the Intercreditor Agreement and may be subject to release under certain circumstances. See "*Description of Certain Financing Arrangements— Intercreditor Agreement*" and "*Description of the Notes—Guarantee.*"

THE OFFERING

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

Issuer	Zoncolan Bidco S.p.A., a *società per azioni* incorporated under the laws of Italy. Following the Post-Completion Merger, any reference herein to the Issuer shall be deemed to be made to MergerCo.
Notes Offered	€375.0 million in aggregate principal amount of 4.875% Senior Secured Notes due 2028 (the "**Notes**") to be issued by the Issuer under the Indenture.
Issue Date	October 21, 2021 (the "**Issue Date**").
Issue Price	100% plus accrued and unpaid interest from the Issue Date, if any.
Maturity Date	October 21, 2028.
Interest Rate	4.875% per annum.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on each March 31 and September 30 of each year, commencing on March 31, 2022. Interest on the Notes will accrue from the Issue Date.
Form and Denomination	The Issuer will issue the Notes on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.
Ranking of the Notes	The Notes will:

- be general, senior obligations of the Issuer and, subsequent to the Post-Completion Merger, MergerCo;
- be secured as set forth under "—*Security*";
- rank *pari passu* in right of payment to any existing and future senior indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes, including the Issuer's obligations under the Revolving Credit Facility Agreement and certain hedging obligations related thereto (if any);
- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- rank effectively senior to any existing and future indebtedness of the Issuer that is not secured by the Collateral or the Escrowed Property to the extent of the value of the Collateral or the Escrowed Property;
- be effectively subordinated to any existing and future indebtedness or obligation of the Issuer or of any future subsidiaries of the Issuer that are secured by property or assets that do not secure the Notes, or that secures such other

indebtedness on a super senior basis (including obligations under the Revolving Credit Facility Agreement and certain hedging obligations related thereto (if any)), to the extent of the value of the property and assets securing such other indebtedness or obligation;

- be, subject to the Agreed Security Principles and to certain material limitations pursuant to applicable laws; and
- be structurally subordinated to any existing or future indebtedness or obligations of any future subsidiaries of the Issuer (or MergerCo, as applicable) that are not Guarantors, including prior to the Post-Completion Merger, the Rolled Indebtedness of the Target and obligations owed to trade creditors.

Guarantee . . . . On the Issue Date, the Notes will not be guaranteed. In the event the Post-Completion Merger does not occur on or prior to the date falling 18 months after the Acquisition Closing (the "**Cut-Off Date**"), the Issuer shall use commercially reasonable efforts to procure that, subject to the Agreed Security Principles and certain significant limitations pursuant to applicable laws, the Target guarantees the Notes within 60 days of the Cut-Off Date.

Pursuant to the Indenture and subject to the Intercreditor Agreement and the Agreed Security Principles, each subsidiary of the Issuer that guarantees the Revolving Credit Facility or certain other indebtedness, in each case of the Issuer or a Guarantor (as defined below) that is a subsidiary of the Issuer, shall enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement. For purposes of this Offering Memorandum, the term "Guarantors" shall refer to the any subsidiary of the Issuer that may guarantee the Notes from time to time pursuant to the Indenture on or after the Acquisition Closing Date and the term "Guarantee" shall refer to the guarantees of the Notes by the Guarantor (if granted following the Cut-Off Date as below).

Prior to the Post-Completion Merger and, in the event that the Post-Completion Merger does not occur on or prior to the Cut-Off Date, prior to the granting of the Guarantee by the Target, the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Issuer (including the Target). In the event that the Post-Completion Merger does not occur and after the granting of the Guarantee by the Target (and subject to any limitations thereon), the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Issuer, other than the Target.

After the Post-Completion Merger, none of MergerCo's subsidiaries is expected to guarantee the Notes, and the Notes will therefore be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of MergerCo. The Guarantee will be subject to certain material contractual and legal limitations. By virtue of these limitations, the Guarantor's obligation under its Guarantee will be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests,*" "*Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral—The*

	Guarantee and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability" and "*Risk Factors—Risks Related to the Notes the Guarantee and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantee and the Collateral may adversely affect the validity and enforceability of any Guarantee and the Collateral.*" See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Guarantee*."
Ranking of the Guarantees	The Guarantee of each Guarantor will, if and when granted: • be a general senior obligation of the relevant Guarantor; • rank *pari passu* in right of payment with any existing or future indebtedness of that Guarantor that is not expressly subordinated in right of payment to such Guarantor's Guarantee; • rank senior in right of payment to any existing or future indebtedness of that Guarantor that is expressly subordinated in right of payment to such Guarantor's Guarantee; • be effectively subordinated to any existing or future indebtedness of that Guarantor that is secured by property or assets that do not secure that Guarantor's Guarantee, to the extent of the value of the property or assets securing such indebtedness; and • be structurally subordinated to any existing or future indebtedness or obligation (including obligations to trade creditors) of the subsidiaries of such Guarantor that do not guarantee the Notes; and • be subject to the limitations described under "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests"* and *"Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral—The Guarantee and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability."*
Security	On the Issue Date, subject to certain perfection requirements, the Notes will only be secured by the Escrowed Property, on a first priority basis. On or about the Acquisition Closing Date, subject to the Agreed Security Principles and certain perfection requirements, the Notes will be secured by the Completion Collateral. Within 20 Business Days from (and excluding) the Acquisition Closing Date, subject to the Agreed Security Principles and certain perfection requirements, the Notes will be secured by the Post-Completion Collateral. Each of the Escrowed Property, the Completion Collateral and the Post-Completion Collateral is further described under "*Description of the Notes—Security*." The Collateral will also secure the obligations of the Issuer under the Revolving Credit Facility and certain hedging obligations (if any). In the event of an enforcement in respect of the Collateral, the holders of the Notes will receive proceeds from such

Collateral only after lenders under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) have been repaid in full. See "*Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral—Creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement on a "super senior" basis are entitled to be repaid with proceeds from the enforcement of the Collateral in priority over the Notes*," "*Risk Factors—Risks Related to the Notes, the Guarantee 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 its validity and enforceability*," and "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*."

The security interests may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability. In addition, the security interests in the Collateral may be released under certain circumstances. Subject to the Indenture and the Intercreditor Agreement, the Collateral may be pledged to secure future indebtedness. For more information on the security interests granted, see "*Description of the Notes—Security*" and for more information on potential limitations to the security interests, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*" and "*Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral*."

Post-Completion Merger . . . . Following the Acquisition Closing Date, we intend to use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to merge the Issuer with the Target in accordance with Articles 2501-bis and following of the Italian Civil Code and other applicable provisions of Italian law, with MergerCo being the surviving entity, during the 18 months following the Acquisition Closing Date. See "*Description of the Notes—Certain Covenants—The Post-Completion Merger." The Post-Completion Merger is subject to certain conditions and may not be completed. See "Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral—We may be unable to complete the Post-Completion Merger within the anticipated time frame, or at all*."

Use of Proceeds . . . . Upon release from escrow, the gross proceeds from the Offering will be used, together with the Shareholder Funding and, as applicable, cash on the Target's balance sheet, to (i) finance the purchase price for the Acquisition, (ii) refinance the Refinanced Target Indebtedness, (iii) pay fees and expenses in connection with the Transactions and (iv) fund cash to the Target's balance sheet for general corporate purposes. See "*Summary—The Transactions*" and "*Use of Proceeds*."

Optional Redemption . . . . Prior to September 30, 2024, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of redemption, plus a "make whole" premium, as described under "*Description of the Notes—Optional Redemption*."

Prior to September 30, 2024, the Issuer may redeem up to 10% of the aggregate principal amount of the Notes originally issued (including

	the aggregate principal amount of any additional Notes issued) in each calendar year at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to but excluding, the date of redemption. In addition, prior to September 30, 2024, the Issuer may redeem, at its option, up to 40% of the original principal amount of the Notes with the net proceeds from certain equity offerings at the redemption prices set forth in "*Description of the Notes—Optional Redemption*." The Issuer may redeem all or part of the Notes at any time on or after September 30, 2024, at the relevant redemption prices described under "*Description of the Notes—Optional Redemption*."
Withholding Taxes	Except as provided in "*Description of the Notes*", all payments made by or on behalf of the Issuer with respect to the Notes will be made without withholding or deduction for, or on account of, any present or future taxes or other governmental charges in any Relevant Taxing Jurisdiction unless required by law. If withholding or deduction for, on account of, such taxes is required to be made by law with respect to any payments made by or on behalf of the Issuer with respect to any Notes, subject to certain exceptions, the Issuer will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction (the "**Additional Amounts**"). See "*Description of the Notes—Withholding Taxes.*" The Issuer is incorporated 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 Decree No. 239 or 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, in order to benefit from an exemption have not been complied with due solely to the actions or omissions of the Issuer or their agents. See "*Description of the Notes—Withholding Taxes.*" Although we believe that, under current law, Italian withholding tax will not be imposed under Decree No. 239 or Decree No. 461 where a holder of the Notes is resident for tax purposes in a country which allows for a satisfactory exchange of information with Italy (as identified currently in Ministerial Decree of September 4, 1996 as subsequently amended and supplemented and, in the future, any decree to be issued under Article 11(4)(c) of Decree No. 239; any such decree, the "**White List**" and such holder of the Notes complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree No. 239 or in Decree No. 461 after the date hereof, including any change in the White List. See "*Certain tax considerations—Certain Italian tax considerations.*"
Tax Redemption	If certain changes in the law (or in its interpretation) of any Relevant Taxing Jurisdiction become effective on or after the Issue Date and, as a result, the Issuer or any Guarantor 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, 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 the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of the purchase. However, a change of control will not be deemed to have occurred in respect of the Notes if a specified consolidated total net leverage ratio is not exceeded in connection with such event. See "*Description of the Notes—Change of Control*."
Tender Offers	In connection with certain tender offers for either series of Notes, if holders of not less than 90% in aggregate principal amount of the outstanding Notes of such series validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes of such series validly tendered and not withdrawn by such holders of Notes, the Issuer or such third party will have the right to redeem the Notes of such series that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Notes in such offer, in any case not below par. See "*Description of the Notes—Optional Redemption—General*."
Escrow of Proceeds; Special Mandatory Redemption	Pending consummation of the Acquisition, the Initial Purchasers will, concurrently with the issuance of the Notes on the Issue Date, deposit the gross proceeds from the Offering into the Escrow Account. The Escrow Account will be controlled by the Escrow Agent and pledged in favor of the Trustee on behalf of the holders of the Notes. The release of the Escrowed Property from the Escrow Account will be subject to the satisfaction of certain conditions, including that the completion of the Acquisition on the terms set forth in the Acquisition Agreement will occur promptly after such release (and in any event within one Business Day therefrom). The completion of the Acquisition is subject to the satisfaction of certain conditions, including, among others, certain regulatory approvals and the performance of certain closing actions. If the conditions to the release of the Escrowed Property have not been satisfied on or prior to the Escrow Longstop Date or upon the occurrence of certain other events, the Notes will be subject to a Special Mandatory Redemption. The Special Mandatory Redemption price of the Notes will be equal to 100% of the aggregate issue price of the Notes plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to, but excluding, the date of such Special Mandatory Redemption. Pursuant to a shortfall agreement between the Issuer and HoldCo to be entered on or about the Issue Date, HoldCo will be required to contribute to the Escrow Account an amount necessary to fund the accrued and unpaid interest on the Notes and Additional Amounts, if any, from the Issue Date to, but excluding, the date of such Special Mandatory Redemption, as well as negative interest accruing on the Escrow Account during such period (if any). See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*."

Certain Covenants	The Indenture limits the ability of the Issuer and its restricted subsidiaries (if any) and, in certain cases, HoldCo to: • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends on, redeem or repurchase our capital stock; • make certain restricted payments; • make certain investments; • create or permit to exist certain liens; • impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to us; • merge or consolidate with other entities, or make certain asset sales; • enter into certain transactions with affiliates; • impair the security interests for the benefit of the holders of the Notes; • carry out certain activities prior to the consummation of the Post-Completion Merger; and • guarantee certain indebtedness. Certain of the covenants and events of default will be suspended if and for so long as we achieve investment-grade ratings. See "*Description of the Notes—Certain Covenants—Suspension of Covenants and Release of Security Interests on Achievement of Investment Grade Status*." Each of the covenants in the Indenture are subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*."
Transfer Restrictions	The Notes have not been registered under the Securities Act or the securities laws of any other jurisdiction nor will they be so registered. The Notes are subject to restrictions on transferability and resale. See "*Notice to Investors*." Holders of the Notes will not have the benefit of any exchange or registration rights.
Exchange	The Luxembourg Stock Exchange.
Listing	Application has been made to list the Notes on the Official List of the Exchange and to admit the Notes to trading on the Euro MTF Market. There can be no assurance that the Notes will be listed on the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.
Governing Law	The Notes and the Indenture will be governed by New York law. The Escrow Agreement, the Escrow Charge, the Intercreditor Agreement, the Revolving Credit Facility Agreement will be governed by the laws of England and Wales. The Security Documents will be governed by the laws of Italy.

Trustee	U.S. Bank Trustees Limited.
Security Agent	UniCredit S.p.A.
Paying Agent, Registrar and Transfer Agent	Elavon Financial Services DAC.
Escrow Agent	J.P. Morgan Chase N.A., London Branch.

SUMMARY HISTORICAL AND CERTAIN OTHER FINANCIAL DATA

The following tables set forth summary our financial information and other data for the periods ended and as of the dates indicated below. Our historical summary financial information set forth below as of and for the year ended (i) March 31, 2019, has been derived from the unaudited comparative column in our financial statements as of and for the year ended March 31, 2020, (ii) March 31, 2020, has been derived from our financial statements as of and for the year ended March 31, 2020 and (iii) March 31, 2021, has been derived from our financial statements as of and for the year ended March 31, 2021, which are, in each case, included elsewhere in this Offering Memorandum. The historical financial information and other data as of June 30, 2021 and for the three month periods ended June 30, 2020 and 2021 have been derived from our unaudited condensed interim financial information as of and for the three month period ended June 30, 2021, which are included elsewhere in this Offering Memorandum, unless otherwise stated. Some of the performance indicators and ratios shown below were taken from our accounting records and are not included in the Financial Statements.

The unaudited historical financial information for the twelve months ended June 30, 2021 is calculated by adding the financial information for the year ended March 31, 2021 to the financial information for the three month period ended June 30, 2021, and subtracting the financial information for the three month period ended June 30, 2020. The results of operations for the twelve months ended June 30, 2021 have been prepared solely for the purposes of this Offering Memorandum and are for illustrative purposes only.

We have also presented summary unaudited as adjusted financial and other data prepared to give effect to the Transactions as if they had occurred on July 1, 2020, in the case of summary unaudited as adjusted statements of profit and loss and comprehensive income, and June 30, 2021, in the case of summary unaudited as adjusted statement of financial position information. The summary unaudited as adjusted financial and other data is presented for informational purposes only and does not purport to represent what our actual interest expense actually would have been if the Transactions had occurred on July 1, 2020, or what our actual financial position would have been had the Transactions occurred on June 30, 2021, or on any other date, and such data does not purport to project our financial results for any future period.

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

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

Summary Profit or Loss Statement Data

	Year ended March 31,			Three months ended June 30,		Twelve months ended June 30,
(in € million)	**2019**	**2020**	**2021**	**2020**	**2021**	**2021**
Revenue	124.7	156.2	187.4	44.1	50.8	194.1
Other income	5.1	4.4	4.4	0.9	0.7	4.2
Total revenue and other income	**129.8**	**160.6**	**191.9**	**45.0**	**51.5**	**198.3**
Internal work capitalized	0.4	2.4	3.1	0.7	0.8	3.1
Purchases of materials and services	(48.9)	(59.9)	(76.6)	(18.1)	(22.0)	(80.5)
Personnel expenses	(19.4)	(22.7)	(38.9)	(6.1)	(8.3)	(41.1)
Other operating costs	(1.1)	(2.1)	(1.7)	(0.3)	(0.9)	(2.3)
Depreciation and amortization	(54.7)	(67.9)	(83.3)	(19.4)	(23.8)	(87.6)
Impairment losses on non-current assets	(2.3)	(1.4)	(1.5)	(0.2)	(1.0)	(2.3)
Impairment losses on trade receivables and other financial assets	(1.5)	(1.3)	(1.7)	(0.3)	(0.4)	(1.9)
Operating profit/(loss)	**2.3**	**7.7**	**(8.8)**	**1.3**	**(4.1)**	**(14.2)**
Financial income	0.3	0.3	0.7	0.1	0.3	0.8
Financial expense	(5.1)	(5.3)	(6.9)	(1.7)	(1.6)	(6.8)

(in € million)	Year ended March 31, 2019	2020	2021	Three months ended June 30, 2020	2021	Twelve months ended June 30, 2021
Net financial expense	**(4.8)**	**(4.9)**	**(6.2)**	**(1.6)**	**(1.4)**	**(6.0)**
Profit/(loss) before tax	**(2.6)**	**2.8**	**(15.0)**	**(0.3)**	**(5.5)**	**(20.2)**
Income taxes	2.0	0.4	4.8	0.6	1.1	5.3
Profit (loss) for the year/period	**(0.5)**	**3.2**	**(10.2)**	**0.3**	**(4.4)**	**(14.9)**

Summary Statement of Financial Position Data

(in € million)	As of March 31, 2019	2020	2021	As of June 30, 2021
Intangible assets	14.0	15.2	18.5	21.0
Property, plant and equipment	149.7	169.1	197.8	203.9
Right-of-use assets	82.7	89.5	105.9	111.3
Contract costs	4.6	9.8	14.0	13.5
Other financial assets	0.5	0.6	0.6	0.8
Deferred tax assets	1.9	2.0	7.0	8.2
Non-current assets	**253.4**	**286.2**	**343.9**	**358.6**
Trade receivables	9.8	9.4	10.6	10.2
Other assets	11.3	8.9	12.1	10.7
Current tax assets	0.2	–	0.1	0.1
Cash and cash equivalents	12.4	37.8	15.4	14.7
Current assets	**33.6**	**56.0**	**38.1**	**35.6**
Total assets	**287.1**	**342.3**	**382.0**	**394.3**
Share capital	10.0	10.0	10.0	10.0
Share premium	25.0	25.0	25.0	25.0
Legal reserve	1.0	1.2	1.3	1.3
Other reserves	0.3	0.5	0.4	0.4
Profit (loss) for the period	(0.5)	3.2	(10.2)	(4.4)
Retained earnings	21.1	20.5	23.5	13.3
Total equity	**57.0**	**60.3**	**50.0**	**45.6**
Bank loans and borrowings and other financial liabilities	59.3	97.5	96.2	101.2
Lease liabilities	49.1	52.2	60.0	61.8
Derivatives	1.0	0.2	0.2	0.2
Provisions	0.7	0.8	1.2	1.2
Employee benefits	3.2	4.2	19.5	4.8
Other liabilities	7.2	4.2	2.9	3.9
Non-current liabilities	**120.6**	**159.2**	**179.9**	**173.0**
Bank loans and borrowings and other financial liabilities	19.1	22.7	25.2	32.7
Lease liabilities	13.6	19.0	24.8	27.4
Trade payables	40.4	40.4	55.5	57.0
Contract liabilities	23.9	27.6	31.4	30.6
Employee benefit	3.8	4.5	5.2	20.4
Other liabilities	8.8	8.6	10.0	7.5
Current liabilities	**109.5**	**122.7**	**152.1**	**175.6**
Total liabilities	**230.1**	**281.9**	**332.0**	**348.6**
Total liabilities and equity	**287.1**	**342.3**	**382.0**	**394.3**

Summary Cash Flow Statement Data

(in € million)	For the year ended March 31, 2019	2020	2021	Three months ended June 30, 2020	2021	Twelve months ended June 30, 2021
Net cash flows generated by operating activities	56.8	83.3	91.6	17.4	18.9	93.1
Net cash flows used in investing activities	(69.7)	(83.5)	(92.4)	(16.8)	(25.4)	(101.0)
Net cash flows from/(used in) financing activities	17.7	25.6	(21.6)	(4.8)	5.8	(11.0)
Net increase/(decrease) in cash and cash equivalents	4.8	25.4	(22.4)	(4.3)	(0.7)	(18.8)

Other Financial Information and As Adjusted Data

(in € million, unless otherwise stated)	As of and for the year ended March 31, 2019	2020	2021	As of and for the three months ended June 30, 2020	2021	As of and for the twelve months ended June 30, 2021
Reported EBITDA(1)	60.9	78.6	92.0	21.4	22.6	93.2
Adjusted EBITDA(1)	67.7	87.7	107.7	26.9	27.1	107.9
Adjusted EBITDA Margin(2)	52.2%	54.6%	56.1%	59.7%	52.6%	54.4%
Run-Rate Adjusted EBITDA(1)						115.5
Run-Rate Adjusted EBITDA Margin(2)						59.7%
Total Capital Expenditures(3)	80.8	78.1	103.1	26.1	29.4	
Adjusted Capital Expenditures(3)	88.7	91.8	122.8	28.9	36.2	
Operating Free Cash Flow(4)	70.7	87.5	117.3	30.7	28.5	115.0
Cash Available for Debt Service (pre-growth)(4)	28.6	43.8	57.5	14.1	2.4	45.8
Cash Conversion(5)	42.2%	50.0%	53.4%	52.3%	8.9%	42.5%
Working Capital(6)	(51.0)	(53.0)	(65.3)	(57.9)	(81.1)	
As Adjusted Cash and Cash Equivalents(7)						40.9
As Adjusted Senior Secured Net Debt(8)						334.1
As Adjusted Net Debt(9)						439.2
As Adjusted Cash Interest Expense(10)						20.7
Ratio of As Adjusted Senior Secured Net Debt(8) to Run-Rate Adjusted EBITDA(1)						2.9x
Ratio of As Adjusted Net Debt(9) to Run-Rate Adjusted EBITDA(1)						3.8x
Ratio of Run-Rate Adjusted EBITDA(1) to As Adjusted Cash Interest Expense(10)						5.6x

(1) We define "Reported EBITDA" as profit (loss) for the year/period before income taxes, financial income and financial expenses, depreciation and amortization, impairment losses on trade receivables and other financial assets, impairment losses on non-current assets and long-term incentive plan (LTIP). We define "Adjusted EBITDA" as Reported EBITDA as adjusted for certain advertising costs, monitoring fees, transactions costs, commission and activations fees, CPE installation related costs, ADSL business and other sundry adjustments as described below. We define "Run Rate Adjusted EBITDA" is defined as Adjusted EBITDA as further adjusted for the full period effect of new subscribers as of June 30, 2021 as described below. Reported EBITDA, Adjusted EBITDA and Run-Rate Adjusted EBITDA are not measurements of performance under IFRS and you should not consider Reported EBITDA, Adjusted EBITDA and Run-Rate Adjusted EBITDA as alternatives to net profit/(loss), as measures of our operating performance, cash flows from operating, investing and financing activities, as measures of our ability to meet our cash needs or any other measure of performance under generally accepted accounting principles. Given certain one-off transactions that have had a significant impact on EOLO S.p.A.'s profit or loss statement, the growth in our subscriber base and the extensive investments in network expansion that have been made during the periods under review, EOLO's management monitors Reported EBITDA, Adjusted EBITDA and Run-Rate Adjusted EBITDA for purposes of internal capital allocation decision-making and budget planning. Each of the adjustments comprising Reported EBITDA, Adjusted EBITDA and Run-Rate Adjusted EBITDA is further described in the footnotes below.

These Non-IFRS Measures are presented in this Offering Memorandum because EOLO's management believes that they can assist readers to understand the underlying dynamics of the core business operations of EOLO S.p.A., and that they provide meaningful and relevant financial information that is useful in evaluating EOLO S.p.A.'s operations in the same manner as management views and operates the business. EOLO's management presents the foregoing Non-IFRS Measures because similar measures are widely used by investors, securities analysts and other interested parties as supplemental measures of performance and liquidity and are intended to assist in the analysis of our results of operations and ability to service debt. However, such Non-IFRS Measures may not be comparable to similarly titled measures reported by other companies. Readers are encouraged to evaluate these adjustments and the reasons EOLO's management consider them appropriate for supplemental analysis and not in substitute of our results of operations and statement of cash flows reported under IFRS. See "*Presentation of Financial and Other Information—Non-IFRS Measures*."

The following table reconciles our Profit/(loss) for the year/period to Reported EBITDA, Adjusted EBITDA and Run-Rate Adjusted EBITDA for each of the periods indicated:

	Year ended March 31,			**Three months ended June 30,**		**Twelve months ended June 30,**
	2019	**2020**	**2021**	**2020**	**2021**	**2021**
(in € million)						
Profit/(loss) for the year/period	(0.5)	3.2	(10.2)	0.3	(4.4)	(14.9)
Income taxes	(2.0)	(0.4)	(4.8)	(0.6)	(1.1)	(5.3)
Financial income	(0.3)	(0.3)	(0.7)	(0.1)	(0.3)	(0.8)
Financial expense	5.1	5.3	6.9	1.7	1.6	6.8
Depreciation and amortization	54.7	67.9	83.3	19.4	23.8	87.6
Impairment losses on trade receivables and other financial assets(a)	1.5	1.3	1.7	0.3	0.4	1.9
Impairment losses on non-current assets[(b)]	2.3	1.4	1.5	0.2	1.0	2.3
LTIP[(c)]	0.2	0.4	14.3	0.2	1.4	15.6
Reported EBITDA	**60.9**	**78.6**	**92.0**	**21.4**	**22.6**	**93.2**
2020 institutional advertising campaign[(d)]	–	–	3.3	3.0	–	0.4
Monitoring fees[(e)]	0.5	0.5	0.5	0.1	0.1	0.5
Transactions costs[(f)]	0.2	0.6	0.5	0.0	0.5	1.1
Commission and activation fees[(g)]	2.3	2.3	2.5	0.5	0.7	2.6
CPE installation related costs[(h)]	4.5	7.4	11.0	2.4	3.2	11.7
Legacy ADSL business[(i)]	0.3	0.7	0.2	–	–	0.2
Other[(j)]	(1.0)	(2.5)	(2.4)	(0.6)	0.1	(1.7)
Adjusted EBITDA	**67.7**	**87.7**	**107.7**	**26.9**	**27.1**	**107.9**
Run-Rate impact[(k)]	–	–	–	–	–	7.6
Run-Rate Adjusted EBITDA	**–**	**–**	**–**	**–**	**–**	**115.5**

(a) *Impairment losses on trade receivables and other financial assets*: refers to incurred and expected losses on trade and other receivables. For purposes of preparing Reported EBITDA, management performed this adjustment in order to illustrate the performance of our business as it evolves with the changes in our subscriber base over the periods under review.

(b) *Impairment losses on non-current assets*: refers to the reduction in the value of our certain assets within property, plant and equipment due to obsolescence. As a non-cash effect, management performed this adjustment for purposes of preparing Reported EBITDA to better illustrate the performance associated with our business.

(c) *LTIP*: represents the accrual of the award to senior management of one-off payments under the Long Term Incentive Plan ("**LTIP**") in place prior to the Transactions. The LTIP had an original timeframe up to 2025 and contemplated a one off payment to senior management linked to specific, pre-agreed liquidity events such the sale of EOLO. Every fiscal year a liability is recorded as a charge to the statement of profit and loss based on the estimated payout and trigger date. For the year ended March 31, 2021 and the twelve months ended June 30, 2021, as the sale process started in January 2021 and a sale had become probable prior to the original LTIP duration (2025), the valuation we performed in connection with the Acquisition triggered a significant accrual. The LTIP is expected to be replaced by a new Management Co-Investment Plan. It is expected that members of senior management will re-invest part of the proceeds received under the LTIP into the new Management Co-Investment Plan and/or in connection with the reinvestment related to the Acquisition. As the LTIP accrual was one-off, management performed this adjustment for the purposes of preparing Reported EBITDA. See "*Certain Relationships and Related Party Transactions—Management Co-Investment Plan*" and "*Summary—The Transactions—The Acquisition*."

(d) *2020 institutional advertising campaign*: represent the costs associated with an institutional and exceptional advertising campaign realized in May 2020 during the COVID-19 pandemic to raise awareness towards authorities of the role that EOLO plays in the Italian internet connectivity landscape. As management considers this campaign as a one-off and connected to the fact that it was necessary to highlight the need for connectivity in Italy outside of large urban areas and their immediate environs which became more apparent during the COVID-19 pandemic, management performed this adjustment for purposes of preparing Adjusted EBITDA.

(e) *Monitoring fees:* represent the fees paid to our current shareholders for their consulting, monitoring and advisory services. Management performed this adjustment for purposes of preparing Adjusted EBITDA in order to illustrate the performance of the underlying business without giving effect to the shareholding structure which will change with the Acquisition. See "*Summary—The Transactions—The Acquisition.*"

(f) *Transactions costs*: represent costs, including external M&A advisors and financial, commercial and legal due diligence fees and expenses, in respect of the Acquisition in 2021 and a new capital expenditure line signed in 2019. As these are one-off costs that were incurred in connection with extraordinary transactions, management performed this adjustment for the purposes of preparing Adjusted EBITDA.

(g) *Commission and activation fees*: represent the net EBITDA contribution of new clients' acquisition, including revenues for activation fees and sales commissions paid to our salesforce. Revenues for activation fees are deferred over the contract term agreed with the customer (mainly 24 months). Sales commissions are capitalized as "contract costs" since they are considered incremental costs of obtaining a contract. They are recognized as operating expense over a period of 24 months consistent with the pattern of transfer of service to which they relate and the judgment that management applied in the revenue recognition policy. Most of our telecommunications competitors recognize such items in profit or loss over a longer period, based on their estimate of customers' propensity to discontinue their subscriptions. For illustrative purposes, this adjustment applies such a convention assuming a period of time of seven years. Management considers that this adjustment can assist investors in evaluating our results of operations compared to our competitors.

(h) *CPE installation related costs:* our business requires CPEs, which are devices that enable consumers to access communication services and permit us to distribute our services. Our operating model involves re-using CPEs from churned customers in order to efficiently use our property, plant and equipment base. The following briefly explains the main components of this adjustment: (i) installation costs for re-using CPEs at new customers' premises, (ii) installation costs for CPE repairing/substituting and upselling of CPEs associated with subscriber migration from 5 GHz to 28 GHz or proactive churn prevention to relieve network bottlenecks, (iii) installation costs for CPE withdrawal from the premises of churned customers (CPEs are then reconditioned and reused), and (iv) installation costs for activation "KO" which relate to payments to technicians for CPE installation at potential new customers' premises, where the subscription was aborted due to lack of feasibility of our FWA technology at the site (*i.e.*, no line-of-sight access between the location and the BTS). They represent relocation costs and therefore do not qualify for recognition as part of property, plant and equipment under IFRS. EOLO's management considers such costs as part of the costs incurred for creation, improvement and maintenance of its infrastructure network and therefore added it back for purposes of preparing Adjusted EBITDA. Based on the above, EOLO's management considers that this adjustment can assist investors in evaluating the operating results obtained through our infrastructure network. Moreover, the same adjustment is utilized in calculating Adjusted Capital Expenditure as described under footnote (3) to show the overall investment in our infrastructure network, with no impact on cash flows.

(i) *Legacy ADSL business*: this adjustment adds back the net negative EBITDA contribution associated with the ADSL business. ADSL represents a form of delivering broadband connectivity using telephone lines and is considered an obsolete technology that generally provides slower navigation and is more expensive to deliver than FWA technology, our core business. As of June 30, 2021, we had approximately 500 residual subscribers of ADSL services. We are actively encouraging ADSL subscribers to migrate to other technologies. Due to the fact that EOLO's management will not further invest in ADSL technology, management performed this adjustment for purposes of preparing Adjusted EBITDA as it can assist investors in understanding EOLO's core business.

(j) *Other:* mainly includes grants from Infratel on items that have been recognized as property, plant and equipment and depreciated over time. In order to adjust for one-off and non-operating income items, EOLO's management performed this adjustment for purposes of preparing Adjusted EBITDA. Additionally, for the year ended March 31, 2019, this line item includes the reversal of a payroll item that by its nature EOLO's management believes is similar to the payroll expenses that were capitalized in the year ended March 31, 2019.

(k) *Run-Rate impact:* is calculated as the EBITDA that EOLO would have generated during the last twelve months ended June 30, 2021 period if subscribers as of June 30, 2021 had been subscribers for the entire period, applying the Blended ARPU for the twelve months period to such subscriber base. Management considers that this adjustment shows, on an illustrative basis, the cash generation effect of new customer acquisitions driven by recent structural trends that have increased demand for high-speed connectivity. This further adjustment to Adjusted EBITDA is presented for informational purposes only and does not purport to present what EBITDA would have been had these new subscribers been acquired on July 1, 2020 nor does it purport to project EBITDA for any future period. The assumptions underlying this adjustment are based on our current estimates and they involve risks, uncertainties and other factors that may cause actual results or performance to be materially different from future results or performance expressed or implied by such adjustments. See "*Risk Factors—Risks Related to Our Business and Industry—Run-Rate Adjusted EBITDA presented in this Offering Memorandum is based on estimates and assumptions in respect of certain adjustments which are subject to significant uncertainties.*"

(2) Adjusted EBITDA Margin and Run-Rate Adjusted EBITDA Margin are defined as Adjusted EBITDA and Run-Rate Adjusted EBITDA *divided by* total revenue and other income, expressed as a percentage, as applicable.

(3) We define "Adjusted Capital Expenditures" as Total Capital Expenditures (which is the sum of acquisitions of intangible assets and acquisitions of property, plant and equipment as reported in accordance with IFRS) as adjusted for the capitalization of CPE related installation capital expenditures, IRU lease costs, disposals, other sundry items and other minor items. Adjusted Capital Expenditures is not a measurement of performance under IFRS and you should not consider Adjusted Capital Expenditures as an alternative to cash flows used in investing activities or any other measure of performance under generally accepted accounting principles. See "*Presentation of Financial and Other Information—Non-IFRS Measures*."

Given the extensive investments in network expansion that have been made during the periods under review, management monitors Adjusted Capital Expenditures for purposes of evaluating the allocation of capital and planning network expansion and tracing payoff of investments which combines a capitalized and operating expenditure view. Each of the adjustments comprising Adjusted Capital Expenditure is further described in the footnotes below.

The following table reconciles our Total Capital Expenditures (which is the sum of acquisitions of intangible assets and acquisitions of property, plant and equipment as reported in accordance with IFRS) to Adjusted Capital Expenditures for each of the periods indicated:

	Year ended March 31,			Three months ended June 30,	
	2019	**2020**	**2021**	**2020**	**2021**
(in € million)					
Acquisitions of intangible assets	5.3	6.7	11.1	2.5	5.2
Acquisitions of property, plant and equipment	75.5	71.4	92.0	23.6	24.2
Total Capital Expenditures	**80.8**	**78.1**	**103.1**	**26.1**	**29.4**
CPE related installation capital expenditures[(a)]	6.5	8.7	12.6	2.7	3.2
IRU leases[(b)]	2.5	5.4	7.3	–	3.7
Other[(c)]	(1.3)	(0.6)	(0.5)	–	(0.5)
Other Minor[(d)]	0.2	0.2	0.3	0.1	0.4
Adjusted Capital Expenditures	**88.7**	**91.8**	**122.8**	**28.9**	**36.2**

(a) *CPE related installation capital expenditures*: our business requires CPEs, which are devices that enable consumers to access communication services and permit us to distribute our services. Our operating model involves re-using CPEs from churned customers in order to efficiently use our property, plant and equipment base. The following briefly explains the main components of this adjustment: (i) installation costs for re-using CPEs at new customers' premises, (ii) installation costs for CPE repairing/ substituting and upselling of CPEs associated with subscriber migration from 5 GHz to 28 GHz or proactive churn prevention to relieve network bottlenecks, (iii) installation costs for CPE withdrawal from the premises of churned customers (CPEs are then reconditioned and reused), and (iv) costs related to "KO" installations which relate to payments to technicians for CPE installation at potential new customers' premises, where the subscription was aborted due to lack of feasibility of our FWA technology at the site (*i.e.*, no line-of-sight access between the location and the BTS). In order for EOLO's management to track expenditure by nature and benchmark the efficiency of its investments and allocations of cash, and to assist readers in evaluating EOLO S.p.A.'s expenditures during the periods under review, EOLO's management performed this adjustment to Total Capital Expenditures. See footnote (1) above for more information on this adjustment.

(b) *IRU leases*: costs related to IRU Contracts which are multi-year rights to use fiber optic (dark fiber). They represent leases under IFRS 16 and cannot be capitalized. IRU lease costs, however, expand with the expansion of our network. In order to model its expenditure, EOLO's management performed this adjustment for purposes of preparing Adjusted Capital Expenditures.

(c) *Other*: consists of other sundry items that, due to their nature, management considers appropriate to present as part of Adjusted Capital Expenditures as they are related to network expansion.

(d) *Other Minor*: consists of inventory disposals and certain other minor expenditures which are ancillary to management of our asset base and/or network expansion.

(4) We define "Operating Free Cash Flow" as net cash flows generated by operating activities as reported in accordance with IFRS as adjusted for CPE installation related cash flow, the variation attributable to the phasing of certain Adjusted Capital Expenditure-related payables and other items. We define "Cash Available for Debt Service (pre-growth)" as Operating Free Cash Flow as further adjusted for hosting lease payments, other operating items and CCB Adjusted Capital Expenditures. None of Operating Free Cash Flow or Cash Available for Debt Service (pre-growth) is a measurement of performance under IFRS and you should not consider Operating Free Cash Flow or Cash Available for Debt Service (pre-growth) as alternatives to net cash flows generated by operating activities or any other measure of performance under generally accepted accounting principles. See "*Presentation of Financial and Other Information—Non-IFRS Measures*."

EOLO's management believes that Operating Free Cash Flow is a useful Non-IFRS Measure to use in evaluating business performance and to inform future expenditure planning because it illustrates cash generation on a basis that is comparable to Adjusted EBITDA and Adjusted Capital Expenditure, permitting EOLO's management to analyze the business in a consistent manner. Furthermore, EOLO's management believes that or Cash Available for Debt Service (pre-growth) is a relevant Non-IFRS Measure that can assist in capital allocation and planning operating and capital expenditures based on ability of the business to generate cash. Each of the adjustments comprising Operating Free Cash Flow and Cash Available for Debt Service (pre-growth) is further described in the footnotes below.

The following table reconciles our net cash flows generated by operating activities as reported in accordance with IFRS to Operating Free Cash Flow and Cash Available for Debt Service (pre-growth) for each of the periods indicated:

	Year ended March 31,			Three months ended June 30,		Twelve months ended June 30,
	2019	2020	2021	2020	2021*	2021
(in € million)						
Cash flows generated by operating activities	57.9	83.5	92.1	17.4	18.9	93.6
CPE related installation cash flow[(a)]	4.8	8.7	12.6	2.7	3.2	13.1
Phasing of Adjusted Capital Expenditures[(b)]	9.9	(6.5)	9.8	9.2	3.5	4.0
Other[(c)]	(1.9)	1.7	2.8	1.4	2.9	4.3
Operating Free Cash Flow	**70.7**	**87.5**	**117.3**	**30.7**	**28.5**	**115.0**
Hosting lease payments[(d)]	(8.2)	(10.5)	(10.0)	(0.8)	(2.8)	(12.0)
Other operating items[(e)]	(1.1)	(0.3)	(3.6)	(3.0)	(1.3)	(1.9)
CCB Adjusted Capital Expenditures[(f)]	(32.8)	(32.8)	(46.2)	(12.9)	(22.0)	(55.3)
Cash Available for Debt Service (pre-growth)	**28.6**	**43.8**	**57.5**	**14.1**	**2.4**	**45.8**

* For more information about our Cash Available for Debt Service (pre-growth) for the three months ended June 30, 2021, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Total Capital Expenditures and Adjusted Capital Expenditures*"

(a) *CPE related installation cash flow:* relates to the cash flow effect of the CPE installation related costs adjustment that is performed above in footnote (1) for Adjusted EBITDA. EOLO's management performed this adjustment in order to, *inter alia*, model the cash flow effect of our re-use/repair/substitution/upselling of CPEs, which is a pillar of EOLO S.p.A.'s strategy.

(b) *Phasing of Adjusted Capital Expenditures:* relates to the cash outflow attributable to days payable outstanding (typically between 60-90 days) of Adjusted Capital Expenditures as the payment for the capital expenditures may be made in another period than the recording of the expenditure. In order to facilitate comparison over period for budgetary and expenditure planning purposes, EOLO's management performed this adjustment for purposes of preparing Operating Free Cash Flow.

(c) *Other:* relates mostly to grants from Infratel. For accounting purposes, the recognition of the amount of the grants received are typically accounted based on the amortization of the related capital expenditure. In order to illustrate the cash inflows of the business, EOLO's management performed this adjustment for purposes of preparing Operating Free Cash Flow.

(d) *Hosting lease payments:* the coverage of our FWA network depends in part on our ability to maintain existing BTS and to build up new BTS for our network. Our BTS are generally installed on towers owned by third parties, the use of which is secured by way of lease agreements. Given the essential nature of such payments, EOLO's management performed this adjustment for purposes of preparing Cash Available for Debt Service (pre-growth).

(e) *Other operating items*: relates to certain other sundry operating items that management believes are non-discretionary and therefore EOLO's management performed this adjustment for purposes of preparing Cash Available for Debt Service (pre-growth).

(f) *CCB Adjusted Capital Expenditures*: represents the portion of Adjusted Capital Expenditures that EOLO has allocated to current customer base (as opposed to growth). This Adjusted Capital Expenditure is considered necessary for maintaining the current subscriber base and therefore is useful and relevant to illustrate the cash effect of EOLO S.p.A.'s minimum cash outflow prior to determining any growth budget and preparing Cash Available for Debt Service (pre-growth). See footnote (2) and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Total Capital Expenditures and Adjusted Capital Expenditures.*"

(5) Cash Conversion is defined as Cash Available for Debt Service (pre-growth) *divided by* Adjusted EBITDA.

(6) We define "Working Capital" as trade receivables, contract costs and other current liabilities less trade payables, contract liabilities and other current liabilities. The following sets forth a calculation of Working Capital.

	As of March 31,			As of June 30,	
	2019	2020	2021	2020	2021
			(millions of €)		
Trade receivables	9.8	9.4	10.6	10.2	10.2
Trade payables	(40.4)	(40.4)	(55.5)	(45.4)	(57.0)
Contract costs	4.6	9.8	14.0	10.5	13.5
Contract liabilities	(23.9)	(27.6)	(31.4)	(28.9)	(30.6)
Other current assets	11.4	8.9	12.2	7.4	10.7
Other current liabilities	(12.6)	(13.0)	(15.2)	(11.7)	(27.9)
Working Capital	**(51.0)**	**(53.0)**	**(65.3)**	**(57.9)**	**(81.1)**

(7) As Adjusted Cash and Cash Equivalents reflects the cash and cash equivalents of the Target as of June 30, 2021 (x) adjusted to give effect to the receipt by the Issuer of the gross proceeds from the Offering (€375.0 million) and the Shareholder Funding (€910.1 million), the payment of the cash purchase price for the Acquisition (€1,125.0 million), the repayment of the Refinanced Target Indebtedness expected to be outstanding on the Acquisition Closing Date (€119.9 million) and the payment of estimated transaction fees and expenses (€14.0 million) in connection with the Transactions, in each case, as if they had occurred on June 30, 2021. As Adjusted Cash and Cash Equivalents as of June 30, 2021 does not include any other adjustments to our cash and cash equivalents due to working capital expansion or contraction or any other cash generation or utilization since June 30, 2021. As Adjusted Cash and Cash Equivalents has been prepared for illustrative purposes only and does not represent what our actual cash position would have been had the Transactions occurred on June 30, 2021, nor does it purport to project our cash position at any future date. As a result, our cash and cash equivalents as of the Issue Date, the Acquisition Closing Date or any future date may be higher or lower than the amount of cash and cash equivalents as shown in the table above. For further information, see "*Summary—Recent Developments—Recent Trading*" and "*Capitalization.*"

(8) As Adjusted Senior Secured Net Debt represents indebtedness under the Notes *less* As Adjusted Cash and Cash Equivalents, in each case, after giving effect to the Transactions and assuming that the Revolving Credit Facility will be undrawn on the Acquisition Closing Date. See "*Capitalization.*"

(9) As Adjusted Net Debt represents our total indebtedness, as adjusted to give effect to the Transactions, including the application of the proceeds from the Offering (defined as the sum of the Notes, the Rolled Target Indebtedness and Lease liabilities under IFRS 16) *less* As Adjusted Cash and Cash Equivalents. As Adjusted Net Debt is presented excluding the Shareholder Loan. See also "*Capitalization.*"

(10) As Adjusted Cash Interest Expense reflects the as actual interest expense of the Issuer for the twelve months ended June 30, 2021, as if the Notes had been issued on July 1, 2020 and the proceeds therefrom had been used as set forth under "*Use of Proceeds*." This estimate reflects the issuance of €375.0 million 4.875% Senior Secured Notes issued at a price of 100.0%. As Adjusted Cash Interest Expense excludes commitment fees on undrawn amounts under the Revolving Credit Facility but includes interest accruing on the €15.9 million of the Rolled Target Indebtedness and €89.2 million of the lease liabilities that, in each case, we expect will remain outstanding following the Transactions, as further described under "*Capitalization.*" As Adjusted Cash Interest Expense is presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issue of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

Certain Key Performance Measures

Number of subscribers

The table below sets forth the number subscribers as of the dates indicated.

	As of March 31,			As of June 30,	
(thousands of subscribers)	**2019**	**2020**	**2021**	**2020**	**2021**
B2C	325.2	402.4	485.6	425.7	490.7
B2B[(1)]	54.4	65.8	73.8	67.9	75.9
FTTH	–	0.5	1.3	0.6	1.4
Of which Wholesale	–	*45.8*	*48.0*	*46.7*	*48.5*
Total subscribers	**379.6**	**468.7**	**560.6**	**494.2**	**567.9**

(1) Includes Small office/home office ("**SOHO**") and small and medium enterprises served through shared solutions with efficient performance and competitive prices and Large companies ("**TOP**") served through high-end connectivity and dedicated infrastructure (point-to-point).

Blended ARPU

The table below sets forth the our Blended ARPU for the periods indicated.

	For the year ended March 31,			For the three months ended June 30,		For the twelve months ended June 30,
(in euro)	**2019**	**2020**	**2021**	**2020**	**2021**	**2021**
Blended ARPU	29.9	29.8	29.5	29.6	29.1	29.4

Blended Churn Rate

The table below sets forth the our Blended Churn Rate for the periods indicated.

(percentage)	For the year ended March 31, 2019	2020	2021	For the twelve months ended June 30, 2021
Blended Churn Rate	11.8%	10.8%	12.5%	13.2%

Adjusted Capital Expenditures by Asset Class

The table below sets forth our Adjusted Capital Expenditures by Asset Class for the periods indicated.

	For the year ended March 31,			For the three months ended June 30,	
	2019	2020	2021	2020	2021
	(millions of €)				
Fiber[1] Adjusted Capital Expenditures	2.5	5.4	7.3	–	3.7
BTS[2] Adjusted Capital Expenditures	30.6	25.1	25.5	8.8	10.7
CPEs[3] Adjusted Capital Expenditures	29.6	33.3	49.8	10.7	10.6
Installation[4] Adjusted Capital Expenditures	14.0	17.8	22.9	5.4	4.9
Other[5] Adjusted Capital Expenditures	11.9	10.2	17.2	3.9	6.4
Adjusted Capital Expenditures by Asset Class	**88.7**	**91.8**	**122.8**	**28.9**	**36.2**

(1) Fiber Adjusted Capital Expenditures relate to investments in fiber backhauling.

(2) BTS Adjusted Capital Expenditures relate to maintenance and expansion capital expenditures for BTS.

(3) CPEs Adjusted Capital Expenditures relate to hardware costs for new customer acquisition and upgrade of existing CPEs.

(4) Installation Adjusted Capital Expenditures relate to CPE installation costs for new customer acquisition and collection and relocation of CPEs from churned customers.

(5) Other Adjusted Capital Expenditures relate to investments in software core network and data center.

Adjusted Capital Expenditures by Purpose

The table below sets forth our Adjusted Capital Expenditures by Purpose for the periods indicated.

	For the year ended March 31,			For the three months ended June 30,	
	2019	2020	2021	2020	2021
	(millions of €)				
Growth[1] Adjusted Capital Expenditures	55.9	59.0	76.6	16.0	14.2
CCB[2] Adjusted Capital Expenditures	32.8	32.8	46.2	12.9	22.0
Adjusted Capital Expenditures by Purpose	**88.7**	**91.8**	**122.8**	**28.9**	**36.2**

(1) Growth Adjusted Capital Expenditures are aimed at expanding our customer base and network coverage and increasing our data capacity. They relate to:

a) CPEs which are installed only after the execution of a new contract with the client. If the client decides to terminate the contract, we charge a penalty to retrieve CPEs from a customer's premises. The amount only includes capital expenditures invested for successful installations;

b) BTS which are spent only after a network planning process has been established; and

c) Increase data capacity.

(2) Current Customer Base ("**CCB**") Adjusted Capital Expenditures relate to investments aimed at preserving our current customer base (*e.g.* maintenance, network upgrading and subscriber base upselling toward 28GHz spectrum) and replacing churned customers with new activations.

RISK FACTORS

In addition to the other information contained in this Offering Memorandum, you should carefully consider the following risk factors before purchasing the Notes. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition, and results of operations. If any of the possible events described below were to occur, our business, financial condition, and results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment. This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks Related to our Business and Industry

Our ability to obtain all licenses, permits, rights of use or other authorizations required to operate our business and/or expand our network or any other required licenses, permits or other authorizations is subject to risks and uncertainties.

The operation of telecommunications networks and the provision of related services and ancillary activities are regulated by governmental and/or regulatory authorities. Our operating licenses or authorizations specify radio bandwidths that we can use to transmit data. The terms of our licenses and frequency allocations are established by the MED and the AGCOM and, in some cases, are subject to modification or early termination (with the confirmation of the right for the following period with the payment of the contributions due in advance).

We currently have the right to use the following frequencies: 26 GHz, 28 GHz, 3.5 GHz (only in the Valle D'Aosta region) and 6-11-13-18-80 GHz. Rights to use frequencies are subject to term limits and must be renewed from time to time. Applicable law requires that authorities conduct an open, transparent and non-discriminatory procedure which, among others: (a) take into account the fulfilment of the objectives of the Directive 2018/1972 (*e.g.*, promote connectivity, access to competition, efficiency, harmonization); (b) give all interested parties the opportunity to express their views through a public consultation; and (c) clearly state the reasons for such possible renewal. In particular, our 26 GHz (used for our distribution network) and 28 GHz (used for our access network) licenses, expire on December 31, 2022. We filed a request for extension on July 8, 2019 for our 28 GHz license and on February 12, 2021 for our 26 GHz license and the procedures for the extension are currently expected to be finalized by end of 2021 and by the first quarter of 2022, respectively. If we fail to renew any of our licenses, permits, rights to use or other authorizations we may lose the ability to continue to operate the relevant business and the realizable value of our relevant network infrastructure and related assets may be materially adversely affected. The procedure to obtain licenses, permits, rights to use or other authorizations (and renewals thereof) may be complex lengthy and may require ongoing compliance with various obligations. Moreover, even if we obtain the renewal of our licenses, permits, right to use or authorizations, the costs for obtaining those might be higher than those we expect. Finally, if we fail to comply with the requirements of the applicable legislation and regulatory framework in general, which is very detailed and complex in nature, or we fail to meet any of the terms of the licenses, our licenses necessary for our operations may be suspended or terminated or significant fines imposed. See "*—Our business is capital intensive. It cannot be assumed that we will have sufficient liquidity to fund our capital expenditure programs or our on-going operations in the future.*"

In addition, we are authorized by the MED to provide the following electronic communications services: a General authorization for the supply of electronic communications network and services, issued on July 28, 2014; General Authorization for Internet Service (ISP), pursuant to an authorization issued on November 11, 2006; WISP (IFI Internet Service Provider), pursuant to an authorization issued on July 15, 2005; and VOIP (Voice over IP), pursuant to an authorization issued on May 29, 2006 (together, the "**General Authorizations**"). The General Authorizations were granted for a period of 20 years. The procedure for the extension of the General Authorizations similar to the procedure for the renewal of the licenses. We have in the past applied and, will in the future apply, to the MED to obtain the renewal of the General Authorizations but there can be no assurance, that any application for the renewal of one or more of the General Authorizations upon their expiration will be successful or the renewal will be granted on equivalent or satisfactory terms.

Although we have a dedicated team tasked with obtaining, monitoring compliance with, and renewing the required licenses, permits and other authorizations, due to the inherent challenges of these regimes, we may experience difficulties in obtaining, complying with, and securing the renewal of necessary licenses, permits and authorizations. If we are not successful in doing so, we may not be able to find and implement feasible alternatives to using these licenses, permits and authorizations, may incur substantial costs in doing so, and may be subject to fines or penalties. As a consequence, we may operate our FWA network on a limited basis, which could have a material adverse effect on our business, results of operations, financial condition, and prospects.

Similarly, the build-out and operation of our FWA network and/or regulatory authorities, particularly in relation to rights of way. These approvals and permits may include building, construction and environmental permits, antenna and mast deployment approvals and various other planning permissions. Obtaining these approvals and permits can be a complex process. Our network was supported by approximately 3,400 BTS as of August 31, 2021. Given the multitude of regulations that govern such equipment and the various permits required to operate our network, we cannot be certain that our right to use a portion of our transmission system will not be challenged. Operating a BTS without the required permits could result in fines or legal proceedings seeking to have the BTS removed. Furthermore, local residents may challenge our right to operate a BTS regardless of whether or not we have obtained the requisite permits and authorizations. The loss of the right to use a material number of BTS or any strategically located BTS could have a disruptive effect on the operation of our FWA network in a service area.

The success of our operations depends on our ability to attract and retain subscribers. If we are unable to successfully manage our subscriber turnover or otherwise lose subscribers, we may face reduced revenues or lower cash flows.

Our ability to attract and retain subscribers for our FWA offering in our Core TAM is uncertain and will depend on numerous factors, many of which are beyond our control. Such factors include, among others, the business strategies and capabilities of our competitors, prevailing market conditions, the development of new and/or alternate technologies for fixed telecommunications products and services and the effect of applicable regulations.

Our ability to attract new subscribers or to grow our Blended ARPU from existing subscribers will depend in large part upon our ability to offer high quality and attractively priced services, stimulate and increase subscriber usage, convince subscribers to switch from competing operators to our FWA services and our ability to manage churn. A small portion of our subscribers are prepaid, which also contributes to churn, as these subscribers are not contractually bound in the long-term to use our services and are free to move to other operators with more attractive pricing or other advantages. If we fail to reduce or maintain our rates of churn, or competing operators improve their ability to retain subscribers and thereby lower their churn levels, our cost of retaining and acquiring new subscribers could increase, which could have a material adverse effect on our business, financial condition and results of operations.

Further, our ability to attract new subscribers may also be negatively affected by a slowdown in the Italian economy and the European economy as a whole. See "*—Our business, financial condition, results of operations and liquidity may be adversely affected by disruptive geopolitical or macroeconomic events and economic uncertainty in Italy.*"

In addition, customer support services help us build and maintain good relationships with our customers, which is critical to our reputation and, ultimately, our business. We believe that our delivery and installation activities are a crucial element in allowing our distribution and service channels to meet customer expectations and drive revenue growth. We rely on a consolidated and trusted team of approximately 600 local contractor companies and 1,500 external technicians and 30 internal technicians as of March 31, 2021. If our internal team or our external specialists do not provide adequate levels of assistance to our customers (including in the installation phase), our customer satisfaction levels may decline and our churn rate may increase, which, in turn, may adversely affect our business, financial condition and results of operations.

Our operations depend on our ability to efficiently operate our systems and controls that are subject to failure that could affect our business and our reputation.

Our success largely depends on the continued and uninterrupted performance of our controls, network technology systems and of certain hardware. Our technical infrastructure (including our network infrastructure and information technology) is vulnerable to damage or, among other things, interruption from information and telecommunication technology failures, power loss, floods, windstorms, fires, terrorism, intentional wrongdoing, human error and similar events. For example, we currently operate one data center facility for our core network infrastructure, with one backup recovery facility; the disruption of these facilities could adversely impact our FWA network. In addition, an unexpected increase in volume on our network and systems could cause them to malfunction, such as in periods of increased demand or unexpected circumstances that may reduce our ability to service our infrastructure. For example, during the COVID-19 pandemic, the increased demand for streamed entertainment and online working and learning led to an increased demand for reliable and fast connectivity significantly, which in turn led to an unexpected network overload, which resulted in more frequent technical issues and a lower quality of service delivered to customers. Our controls are dependent on these technological systems and are also subject to the interruptions and failures. Unanticipated problems with our controls, or at our facilities, system failures, hardware or software failures, computer viruses or hacker attacks could affect the quality of our services and cause service interruptions. Any of these occurrences could result in reduced user traffic and reduced revenue and could harm our levels of customer satisfaction, our reputation and compliance with certain of our regulatory obligations. Sophisticated information and processing systems are vital to our growth and our ability to monitor costs, render monthly invoices, process customer orders, provide customer service and achieve operating efficiencies. We cannot assure that we will be able to successfully operate and upgrade our information and processing systems or that they will continue to perform as expected without any failure. A severe failure in our accounting, information and processing systems could impair our ability to collect payments from customers and respond satisfactorily to customer needs, which could adversely affect our business, financial condition, and results of operations.

If we do not continue to provide telecommunications or related services that are useful and attractive to customers, we may not remain competitive, and our business, financial condition, results of operations and prospects may be adversely affected. Additionally, our network requires ongoing investment to avoid obsolescence.

The wireless broadband market is characterized by technological change in existing systems and industry standards combined with ongoing improvements in the capacity and quality of technology to cater to changing customer needs. Our commercial success depends in part on providing B2C and B2B services addressing different user needs. If we are unable to anticipate customer preferences or industry changes, or if we are unable to modify our service offerings on a timely and cost-effective basis, we may fail to attract customers or lose existing customers. Many of the services we offer are technology-intensive and the development or acceptance of new technologies may render such services non-competitive and/or obsolete, replace such services or reduce prices for such services. As new technologies develop, our equipment, such as our CPE, may need to be replaced or upgraded, we may need to acquire additional licenses and our FWA network may need to be rebuilt in whole or in part in order to sustain our competitive position.

To respond successfully to technological advances, we may require additional capital expenditures and access to related or enabling technologies in order to integrate the new technology with our existing technology. In particular, while we have been working to develop our 5G NR mobile network and our own BTS router, there is a risk that we may fail to successfully implement these innovations or may fail to do so in a timely manner, which could put us at a competitive disadvantage to our competitors. See "*Business—Research and Development.*"

As the convergence of telecommunications services accelerates, we have made and will have to continue to make substantial additional investments in new technologies to remain competitive, and changes in technology and services may also lead us to competing with new competitors including both emerging players as well as established technology companies entering new sectors and bundling technologies as a means of increasing their competitive advantage. Our business and results of operations will also suffer if our new services are not responsive to the needs of our customers, are not appropriately timed with market opportunities, are not effectively brought to market or are not priced competitively.

The new technologies we choose may not prove to be commercially successful or profitable. We cannot be certain that existing, proposed or as yet undeveloped technologies will not become dominant in the future and render the technologies we use less commercially viable or profitable or that we will be successful in responding in a timely and cost-effective way to keep up with new developments. As telecommunications technology continues to develop, our competitors may be able to offer telecommunications products and services that are, or that are perceived to be, substantially similar or better than those offered by us. At the time we select and advance one technology over another, it may not be possible to accurately predict which technology may prove to be the most economical, efficient or capable of attracting subscribers or stimulating usage and we may develop or implement a technology that does not achieve widespread commercial success or that is not compatible with other newly developed technologies. This could have a material adverse effect on our business, financial condition, results of operations and prospects. If we are not successful in anticipating and responding to technological change and resulting customer preferences in a timely and cost-effective manner, our quality of services, business, financial condition, results of operations and prospects could be materially adversely affected.

Our business is capital intensive and we may not have sufficient liquidity to fund our capital expenditure programs or our ongoing operations in the future.

Our business is capital intensive and will require significant amounts of cash. Historically, start-up costs, extensive capital expenditures and operating costs have contributed to our historical losses. For the year ended March 31, 2021, we reported cash flow generated by operating activities of €91.6 million, while our Total Capital Expenditures was €103.1 million. In order to continue to acquire new customers and expand our business in our Target Market, we will continue to require significant capital outlays in the foreseeable future, including the continued build-out, maintenance and optimization of our network and expansion of our coverage and the improvement of our ultra-broadband services.

We may also need to invest in new networks and technologies in the future, which could require significant capital expenditures and, if network usage develops faster than we anticipate, we may require greater capital investments in shorter time frames than it anticipates and we may not have the resources to make such investments. In addition, costs associated with the licenses that we need in order to operate our existing networks and technologies (and those that we may develop in the future), and costs and rental expenses related to their deployment, could be significant. For example, we have filed a request for extension on July 8, 2019 for our 28 GHz license and on February 12, 2021 for our 26 GHz license and the procedures for the extension are currently expected to be finalized by end of 2021 and by the first quarter of 2022, respectively. We expect that the amounts to secure renewals of our 28 GHz and 26 GHz licenses, will be higher than those paid during the 2014, 2016 and 2018 tender procedures.

Our ability to generate cash flow and to finance our capital expenditures, current operations and debt service obligations depends on numerous factors, including:

- our future operating performance;
- the demand and price levels for our current and projected products and services;
- our ability to maintain the level of technical capacity required on our networks and the subscriber equipment and other pertinent equipment connected to our networks;
- our ability to successfully introduce new products and services;
- our ability to limit customer churn;
- the general economic conditions and other circumstances affecting consumer spending;
- competition; and
- legal, tax and regulatory developments affecting our business.

The amount and timing of our future capital requirements may differ materially from our current estimates due to various factors, many of which are beyond our control. We may also be required to raise additional debt or equity financing in amounts that could be substantial. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We may not be able to accomplish any of these measures on a timely basis or on commercially reasonable terms compared to our competitors, if at all. We may not be able to generate sufficient cash flows in the future to meet our capital expenditure needs, sustain our operations or meet our other capital requirements, which may have a material adverse effect on our business, financial condition and results of operations. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*."

We are subject to Italian legislation related to the "corporate liability of legal persons" which could subject us to liability and sanctions for offenses (including corruption, fraud against the Italian State, corporate offenses and market abuse) committed by persons within EOLO.

The Decree No. 231 introduced the corporate liability of legal persons, companies and associations without legal personality which brought the Italian law in line with certain international conventions to which Italy is a party. Under Decree No. 231, we may be held responsible for certain crimes committed in Italy or abroad (including corruption, fraud against the Italian State, corporate offenses and market abuse) in our interest or for our benefit, by individuals having a functional relationship with us, including third party agents or intermediaries. In such circumstances, we could be subject to economic sanctions (fines and confiscation of profits) and legal sanctions which could include: (i) prohibition from continuing the business affected by the criminal offenses; (ii) suspension and revocation of current or future authorizations, licenses or concessions; (iii) prohibition from contracting with public authorities; (iv) exclusion from subsidies, loans contributions or, where applicable, the revocation of those already granted; and (v) prohibition on publicizing goods or services. The duration of these disqualifications range from a minimum of three months to a maximum of two years (in very serious cases, however, some of these disqualifications can be applied permanently in the worst scenario). The above-mentioned legal sanctions may also be applied as interim measures, even during the investigations phase. As an alternative to the legal sanctions, the court may appoint a judicial custodian to run the company, with the consequence that the profits gained during the receivership period are automatically confiscated. Although we maintain and implement internal anti-corruption controls and policies (including the internal control model pursuant to Decree No. 231 and related procedures) and a specific Supervisory Body (*Organismo di Vigilanza)* appointed pursuant to Decree No. 231 performs its supervisory and monitoring functions, we may also be liable if we are not able to detect or prevent every instance of fraud, bribery and corruption involving our employees or agents in the future and it is determined that our internal anti-corruption controls and policies are inadequate or are not effectively implemented.

In particular, EOLO and certain former and current managers of EOLO (including the CEO Luca Spada) are currently involved in certain criminal proceedings stemming from a complaint filed by one of our competitors, Linkem S.p.A. on October 14, 2016 (the "**Criminal Proceeding**"). EOLO has been investigated for administrative liability according to the Decree No. 231 with reference to: (i) the criminal offence of aggravated fraud against the Italian State; and (ii) interference with the freedom of business and trade (this second charge was dismissed by the court in November 2019). The Public Prosecutor of Busto Arsizio alleged that EOLO's procedures were inadequate to detect and prevent the managers' alleged behaviors and would have generated for EOLO an undue profit of approximately €3.5 million between 2016 and 2017. On January 25, 2021, the Public Prosecutor issued, among others, a motion to dismiss for the aforementioned charges of aggravated fraud against EOLO's managers and the understanding of our counsel is that the Public Prosecutor is determined to order the dismissal of the said charges against EOLO as well once the competent court decides on the request for dismissal against the former and current managers of EOLO. The offence of aggravated fraud against the Italian State is sanctioned with:

- Fines of up to €774,500, which might be further increased up to a maximum amount of €929,400 in case of significant profits obtained from the crime or serious damages caused by the crime;
- Ban measures (for a period ranging from three months to two years): (a) prohibition of contracting with the Italian government except for obtaining a public service; (b) exclusion from public funding and contributions and revocation of those previously granted; (c) prohibition from advertising goods and services; and
- Mandatory disgorgement of the profits of the crime, or of an equivalent sum of money and assets.

Although we believe that we have already implemented certain self-cleaning measures (*e.g.*, we have strengthened our system, including applicable controls and procedures under Decree No. 231) and our legal counsel advised us that a guilty verdict can be considered as remote scenario considering the whole elements under analysis and the current status of the proceeding, we cannot guarantee what the ultimate outcome of the Criminal Proceeding against EOLO will be and we could be subject to the above sanctions which could have a material adverse effect on our business, reputation, financial condition, and results of operations. See "*Business—Legal and Regulatory Proceedings.*"

We may incur liabilities for the actions of our directors, employees, agents and representatives or be excluded from contracting with public authorities for the actions of our employees.

Conducting our business in an ethically acceptable manner is important to our reputation and business prospects. Any contact by our directors, employees or agents with public administration organizations as well as with private individuals, under certain circumstances, involves risks associated with, among others, fraud, bribery, corruption and other fraudulent activities by our employees and related investigations. Furthermore, we are exposed to the risk that our directors, employees or agents could commit IT related crimes, which may consist in violating our IT systems or those of our competitors, unlawful access to banking data (including that of our customers) and damages to IT systems and documents.

Our employees and third party installers on EOLO's behalf deliver services within buildings, for specific fixed assets (*i.e.*, telecommunications equipment) and at locations owned or operated by our customers. As a result, we may be subject to claims in connection with damage to property, business interruptions, unauthorized use of the customer's property, unauthorized entry or breach of security protocols, negligence or willful misconduct or other tortious acts by our employees or people who have gained unauthorized access to premises through us. Such claims may be substantial and may result in adverse publicity for us. Accordingly, these claims could have a material adverse effect on our business, financial condition, and results of operations.

Certain former and current managers of EOLO (including the CEO Luca Spada) are currently involved in the Criminal Proceeding. See "*—We are subject to Italian legislation related to the "corporate liability of legal persons" which could subject us to liability and sanctions for offenses (including corruption, fraud against the state, corporate offenses and market abuse) committed by persons within EOLO.*" Our CEO and other former and current managers have been investigated for (i) aggravated theft of unauthorized radio-frequencies (ii) aggravated fraud against the Italian State; and (iii) interference with the freedom of business and trade (this third charge was dismissed by the court in November 2019). Although on January 25 2021, the Public Prosecutor issued a motion to dismiss the allegations of aggravated theft and aggravated fraud against EOLO's managers, on February 15, 2021 Linkem S.p.A. filed an opposition to the request for dismissal. The offences of aggravated theft and fraud against the Italian State are sanctioned with:

- Imprisonment from two to six years for aggravated theft and a fine from €206.00 to €1,594.00, imprisonment from one to seven years for aggravated fraud a and fine from €309.00 to €2,065.03;

- Ban measures: ban from contracting with the Italian government for a period up to five years; and/or

- Disgorgement of the crime's profits.

Although our legal counsel has advised us that the risk that the competent court will not authorize the dismissal can be considered as remote given the whole elements under analysis and the current status of the proceeding, our current managers (including our CEO) could be subject to the above sanctions, which could have a material adverse effect on our business, reputation, financial condition, and results of operations. See "*Business—Legal and Regulatory Proceedings.*" and "*—We are subject to Italian legislation related to the "corporate liability of legal persons" which could subject us to liability and sanctions for offenses (including corruption, fraud against the Italian State, corporate offenses and market abuse) committed by persons within EOLO.*"

In addition, if the Criminal Proceeding will continue its course against EOLO's managers, EOLO might be summoned as entity liable for damages caused by the crime committed by such managers. In such case, should such managers be convicted, EOLO might be required to compensate the damages, jointly with the convicted natural persons.

Furthermore, a conviction of EOLO's managers for the Criminal Proceeding may entail a risk on the possible participation of EOLO to public tender processes. According to art. 80 of Italian Legislative Decree no. 50/2016 (Italian Code of Public Contracts), the final (*i.e.* non-appealable) conviction for certain crimes (including the aggravated fraud against the Italian State) referring to the members of the board of directors, the holders of a power of attorney and persons with powers of representation, direction and control generally, including technical directors (including also persons whose office ended in the year before the publication of the tender notice) represents an automatic cause of exclusion from public tendering procedures, while a non-final conviction or a pending trial for the aforementioned crimes may represent a discretionary cause of exclusion from tendering procedures to be evaluated on a case by case basis by each public contracting authority in charge of the tendering procedures. In addition, a conviction of EOLO's legal representatives to imprisonment for a time frame longer than six months (as well as the application of security or precautionary measures on the same individuals) must be disclosed to the MED and may lead to the termination of our General Authorizations. "*—Our ability to obtain all licenses, permits, rights of use or other authorizations required to operate our business and/or expand our network or any other required licenses, permits or other authorizations is subject to risks and uncertainties.*"

We are exposed to certain risks in respect of the development, expansion and maintenance of our FWA networks.

Our business depends in part upon the success of the expansion and management of our FWA network. The build-out of our FWA network is subject to risks and uncertainties which could delay the introduction of services in some areas and increase the cost of network construction. We are seeking to increase our presence in the residential ultra-broadband market in rural and suburban areas in Italy, including the southern regions, by investing significant efforts and resources to expand our footprint and the density of our FWA network. See "*Business*." Such network expansion, including those in our development pipeline, require substantial capital expenditure throughout the planning and construction phases and it may take an extended period of time before the expanded parts of our FWA network become fully operational. During the planning and expansion process, we are subject to a number of construction, financing, operating, regulatory and other risks beyond our control, including, but not limited to:

- increases in capital and/or operating costs;
- changes in demand for our services;
- labor disputes and disputes with contractors and sub-contractors;
- inadequate engineering, project management, capacity or infrastructure, including as a result of failure by third parties to fulfil their obligations relating to the provision of utilities and transportation links that are necessary or desirable for the successful operation of a project;
- electricity and power interruptions due to electricity load-shedding and/or blackouts, and energy shortages;
- regulatory regimes impacting our business;
- changes in foreign currency exchange rates (we purchase certain BTS equipment from non-Italian suppliers with contracts denominated in U.S. dollar);
- adverse changes in export duties, including as a result of trade wars;
- failure to complete projects timely and/or according to specifications;
- failure to meet license obligations;
- adverse weather conditions and natural disasters;
- environmental regulations, including the need to perform feasibility studies and conduct remedial activities;
- political, social and economic conditions;
- fraud, theft and malfeasance;
- accidents;
- terrorist action;
- changes in law, rules, regulations, governmental priorities and regulatory regimes; and
- difficulties in obtaining and/or maintaining project development permission or requisite governmental licenses, permits or approvals.

Although we have not yet experienced significant delays in our build out and maintenance program resulting from the COVID-19 pandemic, there may be future impacts resulting from workforce shortages. Additionally, we may experience supply chain disruption if suppliers go out of business, cannot access sufficient stock or experience delays in receiving permits or permissions as the relevant authorities focus elsewhere.

The occurrence of one or more of these events may have a material adverse effect on our ability to complete our current or future network expansion projects on schedule or within budget, if at all, and may prevent us from achieving the projected revenues, internal rates of return or capacity associated with such projects. There can be no assurance that we will be able to generate revenues or profits from our expansion projects that meet our planned targets and objectives, or that such revenues will be sufficient to cover the associated construction and development costs, either of which could have a material adverse effect on our business, results of operations, financial condition, and prospects.

In addition, our assumptions associated with maintenance and continued upgrades of our networks (including upgrading our network infrastructure from 5 GHz to 28 GHz bandwidth) may prove to be inaccurate. Our current network capacity may not be sufficient for all future services we plan to offer, or we may need to accelerate capital expenditure plans if demand would exceed our planning. If we fail to successfully maintain and upgrade our networks, our services and products may be less attractive to new customers and we may lose existing customers to our competitors, or we may become subject to additional financial strain due to unbudgeted investments. In addition, our network upgrades may fail to generate a positive return on investment, which may have a material adverse effect on our business, results of operations, financial condition, and prospects. If our capital expenditures exceed our projections or our operating cash flow is lower than expected, we may be required to seek additional financing for future maintenance and upgrades or scale back planned maintenance and upgrade programs, which in turn could adversely affect our business, results of operations, financial condition, and prospects.

The Italian telecommunications industry is characterized by high levels of competition. If we are not able to successfully compete, our financial performance and business prospects may be materially adversely affected.

The telecommunications market in Italy is characterized by high levels of competition among fixed-line and mobile telecommunications and broadband service providers. TIM, Fastweb, Vodafone, Iliad and Linkem are currently our principal competitors. TIM and Fastweb have well-established positions in the Italian market, have the advantage of long-standing relationships with the Italian customers and have a large spectrum capacity in the White areas. TIM has recently publicly announced its plans to reach 1 million households with 5G FWA (mobile broadband) technology. Fastweb benefits from Open Fibers's FTTH/FWA platform in White areas. Linkem is a pure-play FWA company operating in urban areas. Certain of our competitors also benefit from greater levels of global advertising or stronger brand recognition than we do. In addition, we offer our excess capacity to other operators (*e.g.*, TIM and Wind) who can exploit EOLO's infrastructure to migrate customers currently served through non-performing technologies in our Target Addressable Market. As such our solutions are then sold using our competitors' brand, we could facilitate our competitors' business increasing their ability to compete with us. The level of penetration and the highly consolidated nature of the Italian telecommunications market generally could result in continued pricing pressure and churn, and our competitiveness will depend in part on our ability to introduce new technologies, convergent services and attractive bundled products at competitive prices. If we are unable to successfully manage our subscriber turnover or otherwise lose subscribers, we may face increased subscriber acquisition and retention costs and reduced revenues, profitability or lower cash flows.

If we are unable to win subscribers from our competitors and/or retain its existing subscribers, or if we fail to launch compelling and innovative products and services at competitive prices, we could lose our subscribers and the financial performance and business prospects for our business could be materially adversely affected.

We depend on third party telecommunications providers and other third parties over which we have no direct control for the provision of certain of our telecommunications services.

Our ability to grow our subscriber base depends in part on our ability to source adequate supplies of network equipment, CPE, customer service providers and installers in a timely manner. Our main equipment suppliers include Cambium and Intracom. Suppliers of network equipment have limited resources which may impact the rapidity of our network expansion. In addition, our customer service is partially outsourced through a dedicated call center. Customer assistance services help us build and maintain good relationships with our customers, which is critical to our reputation and, ultimately, our business. We also outsource our CPE installation and replacement to around 600 contractors and 1,500 technicians distributed across the country. In addition to our direct sales channels, we also use a variety of third parties for the sales of our B2C and B2B services through indirect sales channels. The outsourcing of services and functions exposes us to certain risks.

Should any of these arrangements be terminated by either contract party, this could result in delays or disruptions to our operations and could result in us incurring additional costs, including if the outsourcing counterparty increases pricing or if we were required to locate alternative service providers or insource previously outsourced services. Our ability to renew our existing contracts with suppliers of products or services, or enter into new contractual relationships, with these or other suppliers, upon the expiration of such contracts, either on commercially attractive terms, or at all, depends on a range of commercial and operational factors and events, which may be beyond our control. We will also face the risk that the third party providers will fail to deliver the services that we require or that services will fail to meet required operating and quality standards. The occurrence of any of these risks or a significant disruption in our supply of products and services from key sourcing partners and other providers could create technical problems, damage our reputation, result in the loss of customer relationships and have a material adverse effect on our business, results of operations, financial condition, and prospects. For example, if our contractual arrangements with Cambium and Intracom are terminated or no longer offered on reasonable terms, we may not be able to find an alternative equipment supplier on a timely basis, or at all. In addition, we have been supporting the creation of our community of installers providing them continuous formation, assistance, supporting tools and applications and engagement activities and it could be extremely difficult for us to replace them in a timely manner. Finally, our business might be affected by any disruption, delay, defect, quality issues, capacity shortage, or other issues adversely affecting the service quality of the third party provider, such as the recent chip shortage.

We also rely on our contracts with Open Fiber in order to provide ultra-broadband FTTH to certain of our customers. If Open Fiber experiences unforeseen financial or operational issues, this could have a significant impact on our ability to achieve its strategy, and could have a material impact on our business, financial condition, and results of operations.

We are subject to extensive regulation and may in the future be adversely affected by regulatory measures applicable to it.

Internet operations are subject to extensive regulatory requirements in Italy. AGCOM and the MED together regulate the Italian telecommunications market pursuant to a regulatory framework adopted at European level and implemented in Italy in particular through Legislative Decree No 259 of August 1, 2003 and its amendments and implementing regulatory acts.

A description of certain regulations applicable to our business and the markets in which we operate is set out in "*Regulation.*" These regulations are, and any development of or modification to these regulations will be, material to the business, financial condition, and results of our operations. Investors should read the "*Regulation*" section to have a summary understanding the scope and extent of such regulations. These regulations cover, without limitation, European and domestic regulations regarding licensing, access, numbering, portability, competition, frequency allocation, license renewals and costs and arrangements pertaining to interconnection, leased lines, radio equipment, as well as consumer protection, data protection and privacy. We must comply with an extensive range of regulatory requirements in our operations and the provision of our services.

We are unable to predict the impact of any adopted, proposed or potential changes in the regulatory environment in which we operate, which is subject to continuous review by AGCOM and the MED, or further changes in the EU regulatory framework, or in laws, regulation or government policy or further activities of AGCOM and the MED that could adversely affect our business and competitiveness. We may be adversely affected by certain decisions of the regulators or interpretation of laws applicable to its services and offerings. In particular, our ability to compete effectively in our existing or new markets could be adversely affected if regulators decide to expand the restrictions and obligations to which we are subject or extend such restrictions and obligations to new services and markets, or otherwise withdraw or adopt regulations. In addition, decisions by regulators and competent bodies regarding the granting, amendment or renewal of licenses, to us or to third parties, could materially adversely affect our business, financial condition, and results of operations.

Our business may be adversely affected by restrictions on our ability to maintain existing network infrastructure or install new network infrastructure.

The coverage of our FWA network depends in part on our ability to maintain existing BTS and to build up new BTS for our network. Our BTS are generally built on land owned by third parties, the use of which is secured by way of lease agreements. There can be no guarantee that these lease agreements will be extended or renegotiated on commercially favorable terms upon the expiration of their respective terms, or that they will be extended at all. If we are not able to renew our current lease agreements for BTS sites and/or to enter into new lease agreements for suitable alternate BTS sites, this could have a negative impact on the coverage of our network. Additionally, CPEs are installed on customer premises. Disputes with these customers or legal proceedings involving their property may subject CPEs to encumbrances or cause them to be inaccessible, which could adversely affect our ability to operate our network. Further, our inability to successfully and timely resolve such disputes could negatively affect our business, financial condition and results of operations.

We rely on key information technology systems, which may be vulnerable to damage, security breaches or cyberattacks that could have a material adverse effect on our reputation as well as our business, prospects, financial condition, and/or results of operations.

Information technology helps us efficiently and accurately provide services to our customers and monitor our operations. While we seek to apply best practice policies and devote significant resources to network security and other security measures to protect our information technology and communications systems and data, these security measures cannot provide absolute security. Despite existing security measures, certain of our wireless infrastructure may be vulnerable to damage, disruptions, or shutdowns due to unauthorized access, computer viruses, cyber-attacks, and other security breaches.

An unexpected increase in volume on our network and systems could cause them to malfunction, such as in periods of increased demand or unexpected circumstances that may reduce our ability to service our infrastructure, or in a health crisis similar to the current COVID-19 pandemic. Our repair performance and installation of new projects can be impacted by the effects of increased absenteeism in the field workforce and our expert teams in technology, or even by the imposition of a lockdown that prevents or hinders the displacement and access of field maintenance teams to equipment stations. We may have our supply chain for technological product inputs impacted by any delay in the manufacturing process of vendors in their countries of origin, due to a new wave of COVID-19 that imposes a total lockdown.

The performance of our information technology systems may also be impacted by certain operating conditions in the markets in which we operate, including lack of reliable power supply as well as general security conditions. An attack attempt or security breach, such as a distributed denial of service attack, or damage caused by other means could potentially result in the interruption or cessation of certain of our services to our customers, our inability to meet expected levels of service or data transmitted over our customers' networks being compromised. We cannot guarantee that our security and power backup measures will not be circumvented or fail, resulting in customer network failures or interruptions that could impact our customers' network availability, potentially resulting in penalties for failure to meet targeted quality levels, as well as otherwise having an adverse effect on our business, reputation, financial condition, and/or operational results. We may be required to spend significant resources to protect against or recover from such threats. In addition, as we implement new information technology systems, we cannot guarantee that our new security measures will be sufficient. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed, and we could lose customers.

Further, the perpetrators of cyber-attacks are not restricted to particular groups or persons. Our employees or external actors operating in any geography may commit these attacks. Any such events could result in legal claims or penalties, disruption in operations, misappropriation of sensitive data, damage to our reputation, negative market perception, or costly response measures, which could have a material adverse effect on our business, prospects, financial condition, and/or results of operations.

In addition, we may be exposed to data piracy or other data privacy and security breaches which could result in the leakage and unauthorized dissemination of information about our Subscribers, including their names, addresses, home phone numbers, passport details and individual tax numbers. In addition, the breach of security of our data and illegal sale or other unauthorized release of our subscribers' personal information could materially adversely impact our reputation, prompt lawsuits against us by our subscribers, lead to violations of data protection laws and adverse actions by the telecommunications regulators and other authorities, lead to a loss in subscribers and hinder our ability to attract new subscribers. If severe customer data security breaches are detected, the regulatory authority can sanction us, and such sanction can include suspension of operations for some time period. Moreover, under the new EU General Data Protection Regulation ("**GDPR**"), beginning in May 2018, breach of our data protection obligations may be subject to administrative fines of the greater of up to €20.0 million or up to 4% of our total worldwide annual turnover. In addition, we may be exposed to cyber-attacks, which could result in equipment failures or disruptions in our operations. Finally, we may face in the future consumer complaints for unsolicited marketing campaigns which also may result to significant fines and prompt lawsuits. Our inability to operate our network as a result of such events may result in significant expense or loss of market share. These factors, individually or in the aggregate, could have a material adverse effect on our business, financial condition, and results of operations.

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

The success of our business depends, *inter alia*, on our ability to protect and enforce our trade secrets, and other intellectual property rights including through our ability to enforce contractual arrangements designed to protect such intellectual property rights. Our trademark registrations include, *inter alia*, the signs "EOLO", "EOLO wave" and others. Despite our efforts to protect our intellectual property rights, unauthorized parties may not be deterred from misuse, theft or misappropriation of them, including trade secrets and information that we regard as proprietary. For example, we developed EOLIA, a key software for design, operations, management and monitoring but we have not obtained a patent for EOLIA and no patent application has been made. We have filed various applications for the registration of our intellectual property in Italy and in certain other jurisdictions in which we operate. Our applications may not be granted, our existing protections may expire and we may fail to obtain such protections in the future. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner.

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

Our intellectual property, with particular reference to trade secrets, may not prevent competitors from independently developing products and services similar to or duplicative to ours. Our ability to protect our intellectual property could also be impacted by changes to existing laws, legal principles and regulations governing intellectual property, including the ownership and protection of patents. We may be unable to attract and retain key personnel, directors, managers, employees and other individuals without whom we may not be able to manage our business effectively.

We depend on the availability and continued service of a relatively small number of key managers, employees and other individuals, including our senior management. These key individuals are heavily involved in the daily operations of our business and are, at the same time, required to make strategic decisions, ensure their implementation and manage and supervise the execution of our business strategy. The loss of one or more of these key individuals could significantly impede our financial plans, product development, network expansion, marketing and other plans. Our future operating results depend, in a significant part, upon the continued contributions of our existing management and our ability to expand our senior management team by adding highly skilled new members, who may be difficult to identify and recruit. In particular, our Chairman’s and CEO’s continued involvement in the strategic oversight of the Group is key for our continued development and competitive position.

In addition, competition for qualified executives in the telecommunications industry in the markets in which we operate is intense, and individuals with industry-specific experience are scarce. As a result, we may be required to enhance wages and benefits to recruit and retain such professionals in the face of increasing opportunities in the markets in which we operate. While we constantly seek to recruit and retain an adequate number of qualified professionals in the telecommunications industry, we may not successfully be able to do so. Moreover, integration of new management would require additional time and resources, which could adversely affect our ability to successfully implement our strategy. If some of our senior executives or other key individuals cease their employment or engagement with us, or if we fail to attract and retain highly skilled and qualified personnel across all levels our business or continue to successfully expand, train, manage and motivate our employee base, our business, financial condition, results of operations and prospects could be materially adversely affected.

In particular, certain former and current managers of EOLO (including the CEO Luca Spada) are currently involved in the Criminal Proceeding. See “—*We may incur liabilities for the actions of our directors, employees, agents and representatives or be excluded from contracting with public authorities for the actions of our employees.*” Although our legal counsel has advised us that the risk that the court will not authorize a dismissal of the charges against such managers is remote, our current managers (including our CEO) could be subject to the above sanctions as a result of a guilty verdict and we could therefore lose key individuals for our business who would lack of the applicable moral requirements to operate their functions, which could have a material adverse effect on our business, reputation, financial condition, and results of operations.

Market demand for FWA services in Italy may not increase, limiting our ability to recoup the cost of its investment in developing FWA technology, which could adversely affect our business, financial condition, and results of operations

We seek to strengthen our market position by expanding our reach of FWA into White areas where there is an absence of FTTH and an underperforming FTTC technology. Our ability to recoup our FWA-related expenditures will depend largely upon the costs of developing such technology and the continued and increasing customer demand for this type of services. Although there have been signs of widespread demand for high-speed internet services in recent years, the size of the market is still unknown and may fall short of industry expectations and this technology may not prove more attractive to subscribers than other existing technologies and services. If FWA-based services do not, or are slower than anticipated to, gain sufficiently broad commercial acceptance in Italy, or if we derive a smaller percentage of our total revenues than expected, we may not be able to adequately recoup our investment or profit from such investment.

Compared to the FTTH technology, FWA service often requires line-of-sight access between the subscriber and a ground station. Obstructions from hills or trees prevent it from being installed in some locations. Storms can sometimes adversely affect the quality of the service. These FWA features might limit the expansion of the FWA technology as customers could, depending on factors such as relative performance and price, choose instead the FTTH technology (if available) or mobile internet services.

In addition, over the past few years we have started to migrate our customers from 5 GHz to 28 GHz bandwidth. Due to the physical characteristics of electromagnetic waves, the 28 GHz network design allows for tighter tolerances compared to networks based on other carrier bandwidths. If we do not keep adopting a control and validation process for the 28 GHz implementation, by investing in a dedicated measuring tool that ascertains the correct tilt and azimuth of the panel, the quality of our service may be affected and customers could consider other solutions. Moreover, a substantial portion of our FWA services operates in the unlicensed 5GHz spectrum, which is used by a wide range of consumer devises and is becoming increasing crowded. If such 5GHz spectrum usage continues to increase through the proliferation of consumer electronics and products competitive with ours, the resultant higher levels of noise in the bands of operation our FWA services use could decrease the effectiveness of our FWA services, which could adversely affect our ability to sell our products. Our business could be further harmed if currently unlicensed spectrum becomes licensed in Italy. We may be unable to obtain licenses for such spectrum. Even if the unlicensed 5GHz spectrum remains unlicensed, existing and new governmental regulations may require we make changes in our FWA services. For example, we may be required limit our ability to use FWA technology in licensed or otherwise restricted spectrum. The operation of our FWA services in a manner not in compliance with Italian law could result in fines, operational disruption, or harm to our reputation.

In addition, our ability to recoup our FWA-related expenditures will depend largely upon implementing a competitive pricing strategy that appeals to consumers. As a result, the costs to develop such technology, the failure to recoup its expenditures could have a material adverse effect on our business, financial condition, or results of operations.

Since our business is concentrated in Italy, our business, financial condition, results of operations and liquidity may be adversely affected by disruptive political or economic events and economic uncertainty in Italy.

We currently operate exclusively in the Italian market and our success is therefore closely tied to general economic, legal and political developments in Italy and cannot be offset by developments in other markets. Accordingly, our results may be adversely impacted by negative economic, legal or political developments in Italy, or by our failure to anticipate the needs and preferences of Italian subscribers in terms of our marketing, services and investments. A downturn in the Italian economy, including as a result of the COVID-19 pandemic, could affect spending generally as well as demand and pricing for our products and services, the creditworthiness of our customers and other counterparties, the ability of other telecommunication companies to compete effectively, and the availability and cost of debt financing. In September 2019, a coalition government composed of the center-left Democratic Party and the anti-establishment Five Star Movement was sworn in. Such coalition government was formed following the 2018 general election, in which no party won an outright majority, which resulted in a “hung” parliament and led to protracted negotiations to form a new government. These negotiations were concluded with the formation of a coalition government, composed of the anti-establishment League and Five Star Movement parties, which collapsed in August 2019. It is unclear how long the current technocratic government will remain in office and whether it will be able to adequately address impediments to the country’s growth, including as a result of the COVID-19 pandemic, such as the ratio of sovereign debt to GDP, the write-down of non-performing loans and the reduction of unemployment in Italy. Continuation or further worsening of these economic and political conditions could have a material adverse effect on our business, results of operations and financial condition. In addition, some of our customers use our products and services as part of their business operations, which often are affected by the state of the economy. As businesses face decreasing volumes of activity and experience cash flow problems, the demand for our services and products could decrease.

Actual or perceived health risks or other problems relating to telecommunications transmission equipment could lead to decreased internet usage, litigation or stricter regulation.

Various reports have alleged that there may be health risks associated with the effects of electromagnetic signals from antenna sites and from telecommunications devices. It cannot be assured that further medical research and studies will not establish a link between electromagnetic signals or radio frequency emissions and these health concerns.

The actual or perceived risk of telecommunications devices, press reports about risks or consumer litigation relating to such risks could adversely affect the size or growth rate of our subscriber base. In addition, these health concerns may cause the EU and Italian authorities to impose stricter regulations on the construction of BTS or other telecommunications network infrastructure, which may hinder the completion or increase the cost of network deployment and the commercial availability of new services. If actual or perceived health risks were to result in consumer litigation or stricter regulation, our business, financial condition, and results of operations could be materially adversely affected.

To the extent that we experience labor disputes or work stoppages, our business could be materially adversely affected.

The Italian Constitution provides that all employees of Italian companies have the right to set up and join trade unions and to carry on union activities, including appointing workers' representatives to negotiate with their employer. The right to go on strike is provided for under Italian law.

There can be no assurance that future claims by employees will not have a material adverse effect on its business, financial condition, or results of operations. Notwithstanding any agreements that we may have with unions, we cannot guarantee that our employees will not go on strike in the future. Any work stoppages resulting from employee strikes could hinder our ability to provide our standard level of customer service. We, along with the other companies engaged in the telecommunications services business, from time to time negotiate with the relevant unions the renewal of the collective labor agreements. Should the union make requests during the course of negotiations with us that we refuses to accept, there is a risk that the union could call on its members to strike to force us to give in to the union's demands, which would have a material adverse effect on our business, financial condition, and results of operations.

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

We may become party to disputes and legal, tax and regulatory proceedings.

We are subject to risks relating to the legal, criminal, civil, tax, regulatory and competition proceedings to which we are a party or in which we are otherwise involved or which could develop in the future, and certain of these proceedings (or proceedings in which we may become involved), if adversely resolved, could have a material adverse effect on our business, financial condition, or results of operations. Furthermore, our involvement in legal, criminal regulatory and competition proceedings, even if we are not a party, may distract management or harm our reputation. We cannot guarantee what the ultimate outcome of any particular legal proceeding will be. For a description of our existing material legal, criminal, regulatory and competition proceedings, see "*Business—Legal and Regulatory Proceedings*" and "*—We are subject to Italian legislation related to the "corporate liability of legal persons" which could subject us to liability and sanctions for offenses (including corruption, fraud against the state, corporate offenses and market abuse) committed by persons within EOLO.*"

We face various risks related to the COVID-19 pandemic and other health epidemics and outbreaks, which may have material adverse effects on our business, financial condition, results of operations and cash flows.

We face various risks related to health epidemics and other outbreaks, including the global outbreak of COVID-19. The COVID-19 pandemic, changes in consumer behavior related to illness, pandemic fears and market downturns, and restrictions intended to slow the spread of COVID-19, including quarantines, government-mandated actions, stay-at-home orders and other restrictions, led to disruption and volatility in the global and Italian capital markets and had a negative impact on global, regional and national economies and disrupted supply chains and reduced international trade and business activity.

Although during the COVID-19 pandemic, demand for streamed entertainment and online working and learning have increased the demand for reliable and fast connectivity significantly, churn rates in the year ended March 31, 2021 were higher than usual due to the one-off effect of the lockdown driven by unexpected network overload which resulted in more frequent technical issues and a lower quality of service delivered to customers. If the pandemic continues for an extended period, it may also reduce demand from our post-paid clients for more expensive plans or certain services or even lead to plan cancellations or increased delinquency. Protracted restrictive measures could also lead to disruptions in our logistic chain, in our suppliers' deliveries or in our ability to deliver our products or to service our network on a timely basis, which may have a material adverse effect on our business and results of operations. If significant portions of our workforce are unable to work effectively as a result of the COVID-19 pandemic, including because of illness, quarantines, facility closures, ineffective remote work arrangements or technology failures or limitations, our operations would be adversely impacted. Our repair performance and installation of new accesses/projects can be impacted by the effects of increased absenteeism in the field workforce and in our expert teams, or even by the imposition of a lockdown by that act as obstacle or hinders the displacement and access of field maintenance teams to equipment stations.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as those relating to our ability to the credit risk of our customers (see "*—Delayed payments or non-payments by our customers could adversely affect us*"), our dependence third party telecommunications providers ("*—We depend on third party telecommunications providers and other third parties over which it has no direct control for the provision of certain of its telecommunications services*").

Our ability to receive payment for the products and services we sell depends on the continued creditworthiness of our customers. We may experience a higher than normal level of delayed payments or non-payments by our customers if their economic conditions are weakened, which could negatively impact our working capital as our trade payables remain outstanding for a significant period of time. The receivables overdue provided for relate predominately to penalties charged to customers terminating their contracts Should the Italian economy experience economic volatility or tightening credit markets, the risk that we may not be able to collect payments on a timely basis from our customers could increase. Further, a deterioration of economic conditions in Italy, including as a result of the impact of COVID-19, could lead to financial difficulties or by our customers. Accordingly, this could result in an increase in the allowance for doubtful receivables and cancellations, as well as in a reduction or delay in revenue collection, which could impact our liquidity and cash flow negatively.

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

Our brand name represents an important business asset. We rely on marketing to strengthen our brand name and our marketing initiatives may prove to be ineffective. Any future negative perceptions of our brand, in respect of, for example, product quality, price level of our products and services, effectiveness and timeliness of our customer service, could have an adverse effect on our reputation, business, results of operation and financial condition. For example, a guilty verdict in the Criminal Proceeding could affect our reputation. Maintaining the reputation of and the value associated with our brand name is central to the success of our business and there can be no assurance that we will be able to accomplish this objective. Substantial erosion in the reputation of or value associated with our brand names could have a material adverse effect on our business, results of operations and financial condition.

Uninsured losses, losses in excess of our insurance coverage for certain risks and unanticipated changes in our insurance costs could have a material adverse effect on our business, financial condition, cash flows or our results of operations.

We maintain insurance to cover risks associated with the ordinary operation of our business, including coverage for professional liability and transit policy. However, such insurance may not cover all risks associated with our business and is subject to limitations, including deductibles and maximum liabilities covered. We may incur losses beyond these maximum limits or outside the coverage of our insurance policies. If this occurs, and we incur liability, there may be a material adverse effect on our business, financial condition, and results of operations.

In addition, from time to time, various types of insurance for companies in our industries have not been available on commercially acceptable terms or, in some cases, have not been available at all. In the future, we may not be able to obtain coverage at current levels, and/or our premiums and deductibles for certain insurance policies may increase significantly on the policy coverage that we currently maintain. If insurance is not available at economically acceptable premiums, there is a risk that our insurance coverage does not cover the full scope and extent of claims against us or losses that we incur, including, but not limited to, claims for environmental or industrial accidents, occupational illnesses, pollution and product liability and business interruption.

Furthermore, to discharge an uninsured claim or prior to receiving reimbursement of insurance proceeds, we may need to incur further debt or divert capital from other planned expenditure. Costs associated with unanticipated events in excess of our insurance coverage, or a failure to maintain such coverage could materially adversely affect our business, financial condition, cash flows and results of operations.

Changes in laws, regulations or governmental policy affecting our business activities could adversely affect our business, financial condition, results of operations and prospects.

Our operations and properties are subject to regulation by various government entities and agencies in connection with obtaining and renewing various licenses, permits, approvals and authorizations, as well as ongoing compliance with, among other things, telecommunications, environmental, health and safety, labor, building and urban planning, personal data protection and consumer protection laws, regulations and standards. For example, we may be subject to various environmental laws and regulations, including laws governing the hazardous material content of some of the equipment used in our FWA services and laws relating to the recycling of electrical and electronic equipment. Any failure to comply with current and future environmental laws could result in the incurrence of fines or penalties and could adversely affect the demand for or sales of our FWA services. Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses, permits, approvals and authorizations and monitoring licensees' compliance with the terms thereof. We may sometimes disagree with the way legal provisions are interpreted or applied by regulators and we may, from time to time, challenge or contest regulatory decisions in the course of our business, which may affect our relations with regulators.

The competent authorities have the right to, and frequently do, conduct periodic inspections of our operations and properties throughout the year. Any such future inspections may result in the conclusion that we have violated laws, decrees or regulations. We may be unable to refute any such conclusions or remedy the violations found.

Regulators have significant latitude in the administration and interpretation of telecommunications licenses and laws, rules and regulations. In addition, the actions taken by these regulators in the administration and interpretation of these licenses and laws, rules and regulations may be influenced by local political and economic pressures. Regulatory regimes and decisions could also affect our customers and suppliers, which in turn could adversely affect our business and prospects.

Increases in, or changes to, regulation could result in higher operational costs and decrease our ability to present attractive offers to our customers and potential customers, which could adversely affect our business, financial condition, results of operations and prospects. Decisions by regulators and new legislation could adversely affect the pricing of, or adversely affect the revenue from, the services and products we offer, as well as the nature and scope of the services we offer or may in the future wish to offer.

Decisions by regulators may include limiting our pricing flexibility, raising our costs (including by raising licensing fees), limiting our access to additional resources which may at times be essential (such as spectrum, conduit access rights and rights of way), reducing our wholesale or retail revenues or conferring greater pricing flexibility on our competitors.

In addition, policies, legislation and regulations on taxation, customs and excise duties may change from time to time. Any such policy changes, as well as inconsistencies in the interpretation of, and decisions relating to, tax laws, may have an adverse effect on our business, financial condition, results of operations and prospects.

If we fail to comply with any of these requirements in a timely manner, we could be subject to fines, penalties, litigation and enforcement actions, which could have a material adverse effect on our business, results of operations, financial condition, and prospects.

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

Expanding our subscriber base is central to pursuing our business strategy, and in order we usually invest in communication and marketing activities to launch and promote such new products. We must therefore manage our advertising and marketing costs effectively in order to maintain satisfactory operating margins and return on our marketing investment and convert customer awareness into actual product purchases. Our marketing efforts might not generate the expected degree of brand recognition, nor promote growth in the number of customers or expansion of sales volume that we expect, thus resulting in a lower return on our marketing investment, lower sales of our products and services and more limited growth and possibility to invest in new products' development in the future.

We are subject to competition and antitrust laws.

The Italian telecommunications market is characterized by a few major operators. Due to this concentration and competitive landscape and market practices such as bundling and converged offers, as well as the barriers to new entrants posed by the capital costs of establishing a new network, Italian and EU antitrust regulators are actively interested in our industry. As a result, transactions, arrangements, partnerships or joint ventures between or among major market participants may attract regulatory scrutiny or action, which could have a material adverse effect on our business, financial condition, and results of operations.

Claims of third parties that we infringe their intellectual property could significantly harm our financial condition, and defending intellectual property claims may be expensive and could divert valuable company resources

We operate in an industry characterized by frequent disputes over intellectual property. As the number of convergent product offerings and overlapping product functions increase, the possibility of intellectual property infringement claims against us will correspondingly increase. Any such claims or lawsuits, whether with or without merit, could be expensive and time consuming to defend, could cause us to cease offering or licensing services and products that incorporate the challenged intellectual property, or could require us to develop non-infringing products or services, if feasible, which could divert the attention and resources of technical and management personnel. In addition, we cannot assure you that we would prevail in any litigation related to infringement claims against us. A successful claim of infringement against us could result in being required to pay significant damages, cease the development or sale of certain products and services that incorporate the challenged intellectual property, obtain licenses from the holders of such intellectual property which may not be available on commercially reasonable terms, or otherwise redesign those products to avoid infringing upon others' intellectual property rights, any of which could materially adversely affect our business, financial condition, and results of operations.

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

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

Run-Rate Adjusted EBITDA presented in this Offering Memorandum is based on estimates and assumptions in respect of certain adjustments which are subject to significant uncertainties.

Run-Rate Adjusted EBITDA presented in this Offering Memorandum has not been subject to audit or review by our auditors, consultants or experts and the estimates and assumptions that have been used to calculate such Non-IFRS Measure are subject to significant uncertainties. While we gained many new subscribers during the COVID-19 period due to increased demand for connectivity, we cannot be certain as to whether our historical churn rate will be maintained. For example, our Run-Rate Adjusted EBITDA includes a run-rate impact which is calculated as the EBITDA that EOLO would have generated during the twelve months ended June 30, 2021 period if subscribers as of June 30, 2021 had been subscribers for the entire period, applying the Blended ARPU for the twelve months period to such subscriber base. Our Run-Rate Adjusted EBITDA is therefore presented for informational purposes only and does not purport to present the cash generated by our new subscriber base nor does it purport to project cash generation for any future period. A variety of risks could cause us not to realize some or all of the expected benefits. Run-Rate Adjusted EBITDA and the underlying calculations were not prepared with a view to compliance with the published guidelines of the SEC or the guidelines published by any other regulatory or industry body regarding estimates, and therefore have not been, and cannot be, audited, reviewed or verified by any independent accounting firm. This information does not constitute a measure of financial performance under IFRS or other generally accepted accounting principles, and you should not consider any of this information as an alternative to net profit/(loss) or any other performance measure derived in accordance with IFRS or as a measure of our results of operations or liquidity. If any of our assumptions or estimates prove to be materially incorrect, our cash flows may suffer.

Risks Related to the Transactions

The Issuer does not currently control the Target and will not control the Target until completion of the Acquisition and the Acquisition is subject to significant uncertainties and risks.

The Issuer does not currently control the Target. The Issuer will not obtain control of the Target until completion of the Acquisition. The Sellers may not operate the business of the Target during the interim period in the same way that we would. The information contained in this Offering Memorandum has been derived from industry publications and from surveys or studies conducted by third-party sources and, in the case of historical information relating to the Target, it has been provided to us by the Sellers as well as members of management of the Target, and we have relied on such information supplied to us in its preparation. Furthermore, the Transactions themselves have required, and will likely continue to require, substantial time and focus from management, which could adversely affect their ability to operate the business. Likewise, other employees may be uncomfortable with the Transactions or feel otherwise affected by them, which could have an impact on work quality and retention. In addition, prior to the Acquisition Closing Date, the Target will not be subject to the covenants described in "*Description of the Notes*." As such, we cannot assure you that, prior to such date, the Target will not take actions that would otherwise have been prohibited by the Indenture had such covenants been applicable, including paying dividends, incurring debt or making investments. Holders of the Notes will not be able to rescind their decision to invest in the Notes, including in the event of changes in the financial condition of the Target, the terms of the Acquisition or the Refinancing.

Finally, the continuing effects of COVID-19 pandemic restrictions may impact the consummation of the Acquisition and may result in certain closing-related activities that would otherwise be routine, such as the notarization of certain documents and the obtainment of original signatures, becoming more complex or time-consuming.

If the conditions to the escrow are not satisfied on or prior to the Escrow Longstop Date, the Issuer will be required to redeem the Notes, which means that you may not obtain the return you expect on the Notes. In addition, the Issuer might not have sufficient funds to pay all of the amounts due to the holders of the Notes in the event of a Special Mandatory Redemption.

The gross proceeds from the Offering will be held in the Escrow Account in the name of the Issuer and will be controlled by the Escrow Agent and pledged in favor of the Trustee on behalf of the holders of the Notes, respectively, pending the satisfaction of certain conditions, some of which are outside of the control of the Issuer and the Target. Completion of the Acquisition is one of the conditions to the release of the proceeds from escrow. If the Acquisition is not consummated on or before the Escrow Longstop Date or in the event of certain other events that trigger escrow termination (and, if requested by the Issuer, the holders of a majority of the outstanding principal amount of the Notes do not consent to a waiver of such conditions or an extension of the Escrow Longstop Date), the Notes will be subject to a Special Mandatory Redemption, as described in "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*," and you may not obtain the return you expect to receive on the Notes. The escrow funds will be initially limited to the gross proceeds from the Offering and will not be sufficient to pay the Special Mandatory Redemption price, which is equal to the aggregate issue price of the Notes plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to, but excluding, the date of Special Mandatory Redemption. In addition, negative interest is expected to accrue on the gross proceeds from the Offering deposited in the Escrow Account. Given that, the escrow funds would be insufficient to pay the amounts to the holders of the Notes in case of a Special Mandatory Redemption, as well as any negative interest accruing on the sums deposited in the Escrow Account, the Issuer will be required to obtain the funds to cover any such shortfall from its direct shareholder, HoldCo, given that the Issuer is, and prior to the consummation of the Acquisition will continue to be, a holding company with no revenue-generating activities of its own, and no business operations or material assets. There can be no assurance that HoldCo will have sufficient funds available to fund such shortfall.

The Acquisition will entitle certain customers and certain other business partners of the Target to terminate their agreements as a result of change of control provisions.

The Acquisition may constitute a change of control under certain agreements entered into by the Target, including agreements with customers and suppliers and certain grants and subsidized financings. On the Acquisition Closing Date, these counterparties could become entitled to terminate such agreements. Some of these counterparties may exercise their termination rights, which could have an adverse effect on the revenues and business of the Target. In particular, with reference to the grants and subsidized financings, the Target is expected to deliver all notices that may be required or recommended to be delivered in order to maintain such arrangements following completion of the Acquisition, including (to the extent applicable) obtaining the applicable consent from the relevant authority in case of changes in the legal structure of the Target.

In the event of termination of any material contract as a result of the Transactions, there can be no assurance that the Target would be able to successfully replace the products or services that were provided under the relevant contract at attractive prices or at all. Likewise, if the Target were required to amend any such contract we can provide no assurance that the terms of such amendment will not be materially adverse to the Group or will not otherwise impact the Group's business or operations. Accordingly, any termination or amendment of a significant contract as a result of the change of control could materially or adversely affect our business and the ability to provide services to our customers. It is also possible that material supply contracts could be terminated or amended in other circumstances. If the Group fails to become a party to a material contract that historically has formed part of the Target's business or any such arrangement is terminated, this could have a material adverse effect on our business, results of operations and financial condition.

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

The Target may have liabilities that we failed or were unable to discover in the course of performing due diligence investigations in connection with the Acquisition. We may learn of additional information about the Target that adversely affects us, such as unknown or contingent liabilities and issues relating to compliance with applicable laws and regulations. For example, we could become liable for overdue payables of the Target to suppliers and employees that are not currently known to us, or we could become subject to tax or pension liabilities in respect of historical periods that we are not currently aware of or the amount of which we underestimated. In conducting our due diligence, we have been required to rely on resources available to us, including public information and information provided by the Sellers and third-party advisers. In addition, our due diligence provided for materiality thresholds, a limited scope and a restricted perimeter. There can be no assurance that the due diligence we have undertaken has revealed or highlighted all relevant facts necessary or helpful in evaluating the Acquisition. Furthermore, there can be no assurance as to the adequacy or accuracy of information provided during the due diligence exercise or that such information was accurate and remained accurate through the conclusion of the due diligence exercise. The due diligence process is inherently subjective. If the due diligence investigation failed to identify material information regarding the Acquisition, the Target may later be forced to write down or write off certain assets, significantly modify the business plan for the Target or incur impairment or other charges. Similarly, the materialization of certain risks, which may or may not be identified during due diligence, occur, it may lead to a loss of property, loss of value and, potentially, subsequent contractual and statutory liability to various parties.

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

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

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

Amendments made to the Acquisition Agreement may have adverse consequences for holders of the Notes.

The Acquisition is expected to be consummated in accordance with the terms of the Acquisition Agreement. However, the Acquisition Agreement may be amended and the closing conditions may be waived at any time by the parties thereto, without the consent of holders of the Notes. Any amendment made to the Acquisition Agreement may be materially adverse to holders of the Notes, which, in turn, may have an adverse effect on the return holders of the Notes expect to receive on the Notes.

Your decision to invest in the Notes is made at the time of purchase. Changes in the business or financial condition of the Issuer, or the terms of the Acquisition or the financing thereof, between the closing of the Offering and the Acquisition Closing Date, may have an impact on the creditworthiness of the Issuer, and you will not be able to rescind your decision to invest in the Notes as a result thereof.

Risks Related to Our Capital Structure

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

After completion of the Transactions, we will be highly leveraged and will have substantial debt service obligations. As of June 30, 2021, adjusted to give effect to the Transactions, we would have had total third-party financial indebtedness outstanding in the amount of €438.3 million, including €375.0 million representing the aggregate principal amount of Notes. In addition, we will have €125.0 million of available revolving credit under our Revolving Credit Facility, which we expect to be undrawn on the Acquisition Closing Date. We anticipate that we will continue to be highly leveraged for the foreseeable future. See "*Capitalization,*" "*Description of Certain Financing Arrangements*" and "*Description of the Notes.*"

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

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

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

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

The Issuer is a holding company that has no revenue generating operations of its own and prior to the Post-Completion Merger will depend exclusively on cash from the Target to be able to make payments on the Notes.

Prior to the Acquisition Closing Date, the Issuer will not have any subsidiaries and will have no assets other than the Escrow Account into which the proceeds of the Offering will be deposited and which will be charged in favor of the Trustee on behalf of the holders of the Notes. Prior to the Post-Completion Merger, the Issuer will be a holding company that conducts no business operations of its own and has no significant assets other than, following the Acquisition Closing Date, the shares it will hold in the Target and its receivables under the Funding Loan. The Issuer will in part be, dependent upon the cash flows from the Target and any of its future operating subsidiaries and, following the Post-Completion Merger, MergerCo will in part be, dependent upon the cash flows from any of its future operating subsidiaries in the form of dividends, principal repayments under the Funding Loan or other distributions or payments to meet its obligations, including its obligations under the

Notes. See "*—The Issuer's right to receive payments under the Funding Loan prior to the Post-Completion Merger (if it occurs) may be subordinated by law to the obligations of other creditors.*" The amounts of dividends and distributions available to the Issuer will in part depend, on the profitability and cash flows of the Target and any of its future operating subsidiaries and, following the Post-Completion Merger, the amounts of dividends and distributions available to MergerCo will in part depend, on the profitability and cash flows of any of its future subsidiaries and the ability of each of those subsidiaries to declare dividends under applicable law or otherwise transfer funds directly or indirectly to the Issuer or MergerCo, as applicable. More generally, the Issuer's or, following the Post-Completion Merger, MergerCo's, subsidiaries (if any) may not be able to, or may not be permitted under applicable law to, make distributions or advance upstream loans to the Issuer or to MergerCo, as applicable, which could adversely affect the Issuer's (or, following the Post-Completion Merger, MergerCo's) ability to make payments in respect of its indebtedness, including payments in respect of the Notes.

In particular, various agreements governing our debt may restrict and, in some cases may prohibit, the ability of the Target and any of its future subsidiaries to move cash to the Issuer and, following the Post-Completion Merger, to MergerCo. Applicable tax laws may also subject such payments to further taxation. Applicable laws may also limit the amounts that some of our future subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or prevent such payments. In particular, the ability of the Target and its future subsidiaries or, following the Post-Completion Merger, MergerCo's future subsidiaries to pay dividends to the Issuer or to MergerCo, as applicable, will generally be limited to the amount of distributable reserves available to each of them and the ability to pay their debt when due. In addition, the aggregate amount of the Funding Loan is currently expected to be approximately €146.1 million, which is significantly lower than the aggregate principal amounts of the Notes, and we expect the Funding Loan to yield interest broadly in line with the interest accruing under the Notes. Accordingly, prior to the Post-Completion Merger, the ability of the Issuer to make payments under the Notes will largely depend on the ability of the Target and its future subsidiaries to pay dividends to it, which will be subject to the risks described above and could be inefficient from a tax perspective. Following the Post- Completion Merger the above-mentioned risks will apply to MergerCo.

Prior to the Post-Completion Merger, the Target will have no direct obligation to make payments with respect to the Notes, and, accordingly, the Issuer will rely on its ability to pay dividends in order to be able to service the Notes. While the Indenture limits the ability of the Target to incur consensual restrictions on its ability to pay dividends or make other intercompany payments, these limitations are subject to significant qualifications and exceptions, including exceptions for restrictions imposed by applicable law.

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

Despite our substantial leverage, we may incur substantial additional debt in the future. We may borrow up to €125.0 million under the Revolving Credit Facility (subject to agreed security principles), which will be secured by the same collateral as the Collateral for the Notes, and the Indenture also permits the incurrence of additional debt. The Indenture and the Revolving Credit Facility Agreement also permit us to incur a substantial amount of indebtedness at subsidiaries that do not guarantee the Notes and to incur indebtedness that shares in the Collateral or that benefits from security interests over assets that do not secure the Notes, and any such indebtedness could mature prior to the Notes. Although the Indenture and the Revolving Credit Facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and the amount of indebtedness that could be incurred in compliance with these restrictions is substantial. If additional debt is incurred, the related risks that we now face would increase. In addition, the Indenture and the Revolving Credit Facility Agreement will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. Our inability to service our debt could have a material adverse effect on our business, financial position, results of operations and our ability to fulfil our obligations under the Notes.

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

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

- incur or guarantee additional indebtedness or issue certain preferred stock;
- make certain restricted payments and investments;
- transfer or sell assets;

- enter into transactions with affiliates;
- create or incur certain liens;
- make certain loans, investments or acquisitions;
- issue or sell share capital of certain of our subsidiaries;
- create or incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- take certain actions that would impair the security interests in the Collateral;
- merge, consolidate or transfer all or substantially all of our assets; and
- pay or redeem subordinated debt or repurchase equity.

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

In addition, the Revolving Credit Facility Agreement requires us to comply with certain affirmative covenants while the Revolving Credit Facility remains outstanding. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement*." A breach of any of the covenants or restrictions under the Revolving Credit Facility Agreement could, subject to the applicable cure period, result in an event of default under the Revolving Credit Facility Agreement. Upon the occurrence of an event of default that is continuing under the Revolving Credit Facility Agreement the relevant creditors are entitled to cancel the availability of the Revolving Credit Facility and/or elect to declare all amounts outstanding under the Revolving Credit Facility, together with accrued interest, immediately due and payable. In addition, a default, event of default and/or acceleration action under the Revolving Credit Facility could lead to an event of default and acceleration under other debt instruments that contain cross default or cross acceleration provisions, including (in the case of acceleration of obligations under the Revolving Credit Facility) the Indenture. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries that would be due and payable and to make payments to enable us to repay the Notes. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts.

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

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

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

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

- sell assets;

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

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

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

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

The Revolving Credit Facility and any future variable interest rate debt we incur in the future will bear interest at floating rates that could rise significantly, thereby increasing our costs and reducing our cash flow.

After giving effect to the Transactions, a portion of our debt will bear interest at a variable rate, and we will be exposed to the risk of fluctuations in interest rates. The Revolving Credit Facility will bear a variable rate based on the EURIBOR, the Sterling Overnight Index Average ("**SONIA**") or (as applicable) the London Interbank Offered Rate ("**LIBOR**"), in each case plus an applicable margin. These interest rates could rise significantly in the future, increasing our interest expense associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. The Revolving Credit Facility Agreement does not contain a covenant requiring us to hedge all or any portion of our floating rate debt.

Although we may enter into and maintain certain hedging arrangements designed to fix a portion of this rate, there can be no assurance that hedging will continue to be available on commercially reasonable terms. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements, that hedges might not be available for the full amount or term of the borrowings, that break clauses might be required or that hedges will limit any benefit that we might otherwise receive from favorable movements in interest rates. To the extent interest rates were to increase significantly, our interest expense would correspondingly increase, thus reducing 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 March 5, 2021, the U.K. Financial Conduct Authority announced the future cessation or loss of representativeness of the LIBOR benchmark rates (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021, in respect of some currencies and tenors, and after certain later dates for other currencies and tenors. This proposed elimination of the LIBOR benchmark and possible future announcements in respect of 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, including the need to adopt a replacement benchmark, in respect of any debt linked to such benchmark (including but not limited to the Notes). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR or LIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest.

In addition, the development of alternatives to EURIBOR or LIBOR may result in our floating rate debt performing differently than would otherwise have been the case if the alternatives to EURIBOR or LIBOR had not developed.

If we determine that EURIBOR or LIBOR have been permanently discontinued or, at the request of the Issuer or the agent (acting on the instructions of the majority lenders), the agent will use an alternative reference rate in the manner as described in the Revolving Credit Facility Agreement.

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

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

Risks Related to the Notes, the Guarantee and the Collateral

Prior to completion of the Post-Completion Merger and, in the event that the Post-Completion Merger does not occur within 18 months from the Acquisition Closing Date, prior to the granting of the Guarantee by the Target, the Notes will be structurally subordinated to the existing or future indebtedness or obligations of each of the Issuer's subsidiaries, including the Target. After the granting of the Guarantee by the Target (and subject to the limitations thereon), the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Issuer, other than the Target. After the Post-Completion Merger, the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of MergerCo.

Prior to completion of the Post-Completion Merger and, in the event that the Post-Completion Merger does not occur on or prior to the date falling 18 months from the Acquisition Closing Date, prior to the granting of the Guarantee by the Target, the Notes will be structurally subordinated to the existing or future indebtedness or obligations of each of the Issuer's subsidiaries, including the Target. After the granting of the Guarantee by the Target (and subject to the limitations thereon), the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Issuer, other than the Target. After the Post-Completion Merger, the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of MergerCo. Generally, claims of creditors, including depositors, trade creditors and preferred stockholders (if any) of the non-guarantor subsidiaries of the Issuer or MergerCo, as applicable, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to their respective parent entity or the creditors of the Issuer or MergerCo, as applicable, and the Guarantors of the Notes (including, if the Target guarantees the Notes after the Cut-Off Date, the Guarantee by the Target). Accordingly, in the event that any non-guarantor subsidiary of the Issuer or MergerCo, as applicable, becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

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

As such, the Notes and any Guarantee will be structurally subordinated to the creditors, including depositors, trade creditors and any preferred stockholders (if any) of the non-guarantor subsidiaries of the Issuer. The Issuer's subsidiaries that do not guarantee the Notes will have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or otherwise. As such, the claims of creditors of our non-Guarantor subsidiaries, including trade creditors and claims of preference shareholders (if any), will have priority with respect to the assets and earnings of the subsidiary over the claims of the creditors of the Issuer, including claims by the holders of the Notes.

As of June 30, 2021, as adjusted to give effect to the Transactions, the Target would have had €105.1 million of third-party debt outstanding, all of which would have ranked structurally senior to the Notes until the Post-Completion Merger.

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

Moreover, any future notes guarantees would be subject to the significant limitations described under "*Limitations on validity and enforceability of the Guarantee and the Collateral and certain insolvency law considerations*" and, accordingly, the Notes would be structurally subordinated to the liabilities of any Guarantors to the extent that such liabilities exceed the principal amount of Notes that can be guaranteed or secured by such Guarantors.

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

Following the Acquisition Closing Date, we intend to use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to merge the Issuer with the Target, with MergerCo being the surviving entity, during the 18 months following the Acquisition Closing Date. The Post-Completion Merger will be undertaken pursuant to the provisions of Article 2501-*bis* of the Italian Civil Code. In order to complete the Post-Completion Merger, there are various steps that we must take, including the preparation of a merger plan, a report by the directors of the companies involved in the Post-Completion Merger (*relazione dell'organo amministrativo*) and a report by an independent expert appointed by the court, assessing the sustainability of debt at the level of MergerCo. Our estimation of the timing required to complete the Post-Completion Merger is based upon market practice for leveraged buyouts in Italy, which typically involves acquisition vehicles in the form of joint stock companies (*società per azioni*) where an independent expert is required to be appointed by the court, which creates an inherent uncertainty as to the length of time in which the Post-Completion Merger can be expected to take place. In addition, there can be no assurance that the independent expert will release its report or that the other steps required for the Post-Completion Merger will be taken in a timely manner, or at all. Subject to certain exceptions, the Post-Completion Merger can only be implemented following the expiration of 60 days after the latest filing with the competent companies' registry of the resolutions approving the Post-Completion Merger. Within this 60-day deadline, the creditors of the companies involved in the Post-Completion Merger are entitled to challenge the Post-Completion Merger. See also "*—The Issuer does not currently control the Target and will not control the Target until completion of the Acquisition and the Acquisition is subject to significant uncertainties and risks*." In the event we are unable to consummate the Post-Completion Merger, Zoncolan Bidco S.p.A. will remain as the Issuer. See also "*—Risks Related to Our Capital Structure—The Issuer is a holding company that has no revenue generating opera*tions *of its own and prior to the Post-Completion Merger will depend exclusively on cash from the Target to be able to make payments on the Notes.*"

As a result of the consummation of the Post-Completion Merger, in the event that the Target is the successor company resulting from the Post-Completion Merger, the obligations of the Issuer of the Notes will be assumed by MergerCo pursuant to the Indenture, and (ii) certain of the security under the Completion Collateral and the Post-Completion Collateral will cease to exist. In the event we are unable to consummate the Post-Completion Merger, the Zoncolan Bidco S.p.A. will remain as the Issuer.

Following the Post-Completion Merger, the Target may not be the surviving entity. If the Post-Completion Merger is ultimately structured such that the Issuer is the surviving entity, or if there is a new resulting entity, then the Target will be required to transfer licenses and permits relating to the conduct of its business operations to the new entity resulting from the Post-Completion Merger, which in certain circumstances may result in the termination of licenses or contracts or the loss of key customers. There is no assurance that in such event, the

Target will be able to transfer its business licenses or permits in a timely manner, or at all, or that our business may not be materially and adversely affected.

In addition, in the event the Post-Completion Merger does not occur on or prior to the Cut-Off Date, the Issuer will use commercially reasonable efforts to procure that, subject to the Agreed Security Principles and to certain significant limitations under Italian law, the Target guarantees the Notes within 60 days of the Cut-Off Date. There can be no assurance, however, that we will be successful in procuring such Guarantee within the time period specified, and in any event such Guarantee would be limited as set forth in "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*."

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

The Issuer (and following the Post-Completion Merger, MergerCo) and the Target are or will be incorporated and organized under the laws of Italy. Enforcement of the obligations under a Guarantee against, and/or any Collateral provided by, as applicable, any such person will be subject to certain defenses available to the Issuer (and following the Post-Completion Merger, MergerCo) or the relevant Guarantor or the security provider, as the case may be. These laws and defenses may include those that relate to fraudulent conveyance or transfer, financial assistance, transactions under value, corporate benefit, capital maintenance, preservation of share capital, liquidity maintenance, voidable preferences, thin capitalization or similar laws as well as regulations or defenses affecting the rights of creditors generally, by limiting the amounts recoverable under the Guarantee and Collateral, as applicable, and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed or secured by a Guarantor or security provider under applicable law, to the extent that the granting of such Guarantee or Collateral is not in the relevant Guarantor's or security provider's corporate interests, or the burden of such Guarantee or Collateral exceeds the benefit to the relevant Guarantor or security provider, or such Guarantee or Collateral would be in breach of capital maintenance, financial assistance, liquidity maintenance or thin capitalization rules or any other general statutory laws and/ or would cause the directors of such Guarantor or security provider to contravene their fiduciary duties and incur civil or criminal liability. An increase in the amount of debt that benefits from such Guarantee without a corresponding increase in the amount of the Guarantee will dilute the value of such Guarantee to its beneficiaries, including the holders of the Notes.

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

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

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

Each Guarantee provides the holders of the Notes with a direct claim against the relevant Guarantor. The obligations of each Guarantor, the enforcement of the relevant Guarantee and the obligations of the grantor of security and the ability of the Security Agent to enforce on the security interests will be limited under the Indenture to the maximum amount that can be guaranteed by such Guarantor or provided by the grantor of security under the applicable laws of Italy, which has been determined so as to ensure that amounts payable will not result in violations of laws related to, among others, corporate benefit, capitalization, capital preservation, financial assistance or transactions under value, or otherwise cause the relevant Guarantor to be deemed insolvent under applicable law or such Guarantee to be deemed void, unenforceable or ultra vires, or cause the directors of such Guarantor to be held in breach of applicable corporate or commercial law for providing such Guarantee. In particular, enforcement of any Guarantee or security interest against the relevant Guarantor or pledgor would be subject to certain defenses available to guarantors generally or, in some cases, to limitations contained in the terms of the relevant Guarantee or pledges of security designed to ensure compliance with statutory requirements applicable to the relevant Guarantors or pledgors. These laws and defenses include those that relate to fraudulent conveyances or transfers, insolvency, voidable preferences, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization, capital maintenance or similar laws and regulation or defenses affecting the rights of creditors generally. As a result, the liability of a Guarantor under its Guarantee or of a pledgor of security could be materially reduced or eliminated, depending on the amounts of its other obligations and the law applicable to it.

In the event that the Post-Completion Merger does not occur on or prior to the Cut-Off Date, as regards to the Target, given the above limitation in relation to Italian financial assistance law and corporate benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement, and/or the Intercreditor Agreement:

(i) the Guarantee and security interests (if any) granted by the Target will only guarantee and secure the Issuer's obligations under the Tranche B (as defined in "*Use of Proceeds*") under the Notes and shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans (including the Funding Loan) (or other financial support in any form, not including equity contributions) advanced from time to time to the Target (or any of its direct or indirect subsidiaries pursuant to Article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Acquisition Closing Date, in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/or the Intercreditor Agreement and/or received upon the enforcement of any security interests (if any) granted by the Target; provided that the Target shall be fully entitled to exercise any rights of set-off, recourse or subrogation ("*regresso*" or "*surrogazione*") or other similar rights it may have by reason of any payment made by it under its Guarantee in respect of any obligations owed by the Issuer, against the payment obligations of the Target under any relevant intercompany loans and/or documentary credits and/or any other financial support received by the Target, provided that the liability of the Target under its Guarantee shall not exceed the aggregate amount of any such intercompany loans and/or documentary credits and/or any other financial support following the exercise of any such set-off rights;

(ii) the maximum amount guaranteed and/or secured by the Target, also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed the lower of (i) 120% of the outstanding principal amount of the Notes, and (ii) the aggregate amount of the principal amount of the Tranche B (as defined in "*Use of Proceeds*") under the Notes, reduced, from time to time, by an amount equal to any repayment, prepayment or redemption of the principal amount of the Notes multiplied by the ratio of (I) the aggregate amount of the original principal amount of the Tranche B (as defined in "*Use of Proceeds*") under the Notes to (II) the original principal amount of the Notes;

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

(iv) notwithstanding any provision to the contrary in the Indenture, in order to comply with the mandatory provisions of Italian law in relation to (i) maximum interest rates (including the Italian Usury Law and Article 1815 of the Italian Civil Code) and (ii) capitalization of interests (including article 1283 of the Italian Civil Code and article 120 of the Italian Banking Act), the obligations of the Target under its Guarantee shall not include and shall not extend to (A) any interest qualifying as usurious pursuant the Italian Usury Law and (B) any interest on overdue amounts compounded in violation of the provisions set forth by article 1283 of the Italian Civil Code and/or article 120 of the Italian Banking Act, respectively; and

(v) any guarantee, indemnity, obligations and liability granted or assumed pursuant to the relevant Guarantee and/or security interest (if any) by the Target does not (and will not) include and does not (and will not) extend, directly or indirectly, to any amounts and/or payment obligations other than the amounts and/or payment obligations under Tranche B (as defined in "*Use of Proceeds*") under the Notes.

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

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

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

In addition to the above, under article 1938 of the Italian Civil Code, if a corporate guarantee is issued by a Guarantor incorporated under the laws of Italy to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture). It has been held that such determination must be proportionate to the relevant Guarantor's assets. If such determination is deemed disproportionate to the assets of each of the Guarantors, there is a risk that the guarantee could be declared void.

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

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

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

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the relevant Guarantor or, in certain jurisdictions, when the granting of the relevant Guarantee has the effect of giving a creditor a preference or the creditor was aware that the relevant Guarantor was insolvent when the relevant Guarantee was given;
- the relevant Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee or the relevant Guarantor was: (i) insolvent or rendered insolvent because of the relevant Guarantee; (ii) undercapitalized or became

undercapitalized because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant Guarantee was held to exceed the corporate objects of the relevant Guarantor or not to be in the best interests or for the corporate benefit of the relevant Guarantor; or
- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

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

The principal amount of the Funding Loan may be less than anticipated as a result of prepayments of certain indebtedness of the Target prior to the Acquisition Closing Date.

On the Acquisition Closing Date, the Issuer will enter into the Funding Loan, a portion of the proceeds of which will be used by the Target (together with certain cash available on the Target's balance sheet) to repay in full and cancel the Refinanced Target Indebtedness. The principal amount of the Funding Loan is currently expected to be €146.1 million, which is significantly less than the aggregate principal amount of the Notes offered hereby. Repayments prior to the Acquisition Closing Date of amounts due in respect of the Refinanced Target Indebtedness would result in a reduction in the principal amount of the Funding Loan entered into on the Acquisition Closing Date. We cannot assure you that these amounts will not be reduced by additional payments prior to the Acquisition Closing Date, which would cause a corresponding reduction in the principal amount of the Funding Loan. The intercompany receivables arising under the Funding Loan will constitute part of the Post-Completion Collateral. Prior to completion of the Post-Completion Merger, repayments of the Funding Loan prior to the maturity date of the Notes would result in a reduction in the liability owed by the Target to the Issuer and any reduction in the principal amount of the Funding Loan would reduce the value of such receivable and the Post-Completion Collateral and, if the Target guarantees after the Cut-Off Date, the value of the Guarantee by the Target. Any reduction in the principal amount of the Funding Loan could also adversely affect the ability of the Issuer to make payments under the Notes if the Issuer is otherwise unable to cause its subsidiaries to pay dividends or make loans or other distributions to it. The Indenture will not include any restrictions on the Issuer or the Target to amend the Funding Loan documentation. See also "*—Risks Related to Our Capital Structure—The Issuer is a holding company that has no revenue generating opera*tions *of its own and prior to the Post-Completion Merger will depend exclusively on cash from the Target to be able to make payments on the Notes.*" The security interests in the Funding Loan will cease to exist automatically upon completion of the Post-Completion Merger.

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

The Security Documents relating to the Notes will allow the Issuer, HoldCo and any other Collateral providers, as applicable, to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral to the extent that it relates to their assets. So long as no acceleration event has occurred and subject to certain conditions, the Issuer, HoldCo and any other Collateral providers, 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 the Collateral in accordance with the Indenture and making ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of the liens on the Collateral.

Upon issuance on the Issue Date, the Notes will only be secured by the Escrow Charge, and on the Acquisition Closing Date, the Notes will only be secured by the Completion Collateral.

On the Issue Date, the Notes will only be obligations of the Issuer, will not be guaranteed and will only be secured, subject to certain perfection requirements, by the Escrowed Property. On the Acquisition Closing Date, the Notes will be secured, subject to the Agreed Security Principles, by the Completion Collateral and, within 20 Business Days from the Acquisition Closing Date, subject to the Agreed Security Principles, the Post-Completion Collateral. See "*Description of the Notes—Security.*" There can be no assurance, however, that we will be successful in procuring such liens within the time periods specified, the failure of which would result in an "event of default" under the Indenture. Once granted, the security interests over the Collateral will be limited to the same extent as those under the Revolving Credit Facility and otherwise as set forth under "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests,*" which limitations could be significant.

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

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

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. 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.

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.

Italian Legislative Decree no. 142 of November 29, 2018, enacting the EU anti-tax avoidance package was published in the Italian official gazette on December 28, 2018. The Italian ATAD Decree transposes EU Directive 2016/1164 (ATAD 1)—as amended by EU Directive 2017/952 (ATAD 2)—into the Italian legal system, providing rules against the erosion of taxable bases in the internal market and the shifting of profits out of the Italian market. Such rules are aimed at tackling "double deduction" or "deduction without inclusion" (deduction of a negative income component in one country without any taxation in the other country) due to a different characterization of financial instruments, payments, entities, and permanent establishments in various countries. The rules apply to mismatches occurring between taxpayers considered to be associated enterprises or arising in the context of a structured arrangement between two non-associated taxpayers.

The Italian tax authorities have in certain instances challenged merger leverage buyout transactions with respect to the deductibility of interest expenses arising in connection with acquisition financing. However, on March 30, 2016, the Italian Revenue Agency issued Circular Letter n. 6/E ("**Circular Letter**") clarifying, as a common principle, that interest on the acquisition bank loan in leveraged buy-out transactions are generally deductible for IRES purposes, subject only to ordinary limitations stated in Article 96 and excluding cases of reinvestment (also partial) by the seller(s). In case an acquisition is—or is considered as—entered into by one or more entities that are related parties to the seller(s), the deduction of interest expenses is likely to be challenged by the tax authorities based on anti-abuse provisions, unless non marginal business reasons exist for the debt-financed acquisition.

Also, there can be no assurance that in the case of a tax audit, the relevant tax authorities would not try to challenge the deductibility of interest expenses arising in connection with the component of any financing used, in whole or in part, to refinance an outstanding loan or debt, when the terms and conditions of the refinancing transaction appear less favorable than those of the previous financing transaction. In particular, in such circumstances, the relevant tax authorities could argue that the interest expenses arising from such financing does not relate to the business of the borrowing entity (as the relevant transaction is deemed as "anti-economic" and as such not compliant with the "inherence" principle set out under Italian tax law).

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

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.

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

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

We are organized under the laws of Italy and are resident in Italy for tax purposes and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain or payment on the Notes, may be subject to Italian tax laws and regulations. All payments made by us or on our behalf in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, subject to a number of exceptions and limitations, we must pay such Additional Amounts as will result in the holders of the Notes receiving the net amounts as they would have received in respect of such Notes had no such withholding or deduction been required.

We will not be liable to pay any Additional Amounts to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Decree No. 239 or Decree No. 461 and any related implementing regulation, 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 or omissions of the Issuer or their agents. In such circumstances where we would not be liable to pay Additional Amounts, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes. See "*Description of the Notes—Withholding Taxes*" and "*Certain 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 date 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 can be no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree No. 239 or Decree No. 461 after the date hereof, including any change in the White List. See "*Description of the Notes—Withholding Taxes*."

There can be no assurance 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 or territories 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 or territories 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.

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

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**EU FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "**Participating Member States**"). On December 8, 2015, Estonia indicated that it would no longer be a Participating Member State. The Commission's Proposal is still pending before the Council of the EU and its status is regularly discussed at the European and Financial Affairs Council. Moreover, in the course of 2020, the European Commission brought to the attention of the Council of the EU and the EU Parliament the possibility to propose, by June 2024, the introduction of a reshaped EU FTT as a new EU own resource. The Commission's Proposal has very broad scope and, if introduced in its current form, could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Under the Commission's Proposal, the EU FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes provided that at least one party to the transaction is established or deemed established in a Participating Member State and that there is a financial institution established or deemed established in a Participating Member State which is party to the transaction, acting either for its own account or for the account of another person, or acting in the name of a party to the transaction. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State. The Commission's Proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or other Participating Member States may decide to withdraw. If the Commission's Proposal or any similar tax were adopted, transactions in the Notes could be subject to higher costs, and the liquidity of the market for the Notes may be diminished. Prospective investors should consult their own tax advisers in relation to the consequences of the EU FTT associated with purchasing and disposing of the Notes.

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

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

The Security Agent may refrain from taking enforcement action unless instructed by the Instructing Group (as defined in "*Description of Certain Financing Arrangements—Intercreditor Agreement*") for the purpose of enforcement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement"* and *"Description of the Notes—Security.*"

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

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

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

The Notes will be secured only to the extent of the value of the Escrowed Property (prior to the Acquisition Closing Date) or the relevant Collateral (following the Acquisition Closing Date), as applicable. See "*Description of the Notes—Security*." Not all of our assets secure the Notes, and the Indenture allows the Issuer and its restricted subsidiaries to secure certain future indebtedness permitted to be incurred with certain property and assets that do not secure the Notes. If an event of default occurs and the obligations under the Notes are accelerated, the Notes thereof will not benefit from the assets securing such secured debt and will rank equally with the holders of other unsecured indebtedness of the Issuer and its restricted subsidiaries with respect to any property or assets excluded from the Collateral securing the Notes. The claims of secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness.

While the Indenture creates certain obligations to provide additional notes guarantees and grant additional security over assets, or a particular class of assets, whether as a result of granting liens in favor of other indebtedness or the acquisition or creation of future assets or subsidiaries or otherwise, such obligations are subject to certain exceptions and qualifications pursuant to the agreed security principles. The agreed security principles set out a number of limitations on the rights of the holders of the Notes to be granted security or notes guarantees in certain circumstances. The operation of such agreed security principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted over a particular type or class of assets. Pursuant to the agreed security principles, Collateral will be limited to security over the shares of the Issuer, any future Guarantors and any member of the Group which is incorporated in Italy which has earnings before interest, tax, depreciation and amortization (calculated on an unconsolidated basis and subject to certain adjustments) representing more than 5% of the EBITDA (as defined in the Revolving Credit Facility Agreement) of the Group ("**Material Company**"), but without prejudice to the granting of the Completion Collateral. Accordingly, such agreed security principles may affect the value of the security or notes guarantees provided by the Issuer and any Guarantors.

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

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

Application has been made to list the Notes on the Official List of the Exchange. There can be no assurance that the listing of the Notes on the Exchange will be granted in a timely manner or at all or that, once granted, will be maintained. Additionally, the Issuer makes no representation that such listing will satisfy the listing requirement under Decree No. 239 in order for the Notes to be eligible to benefit from the exemption from the requirement to apply withholding tax.

The Italian tax authorities issued an interpretive circular relating to, among other things, the listing requirement of the aforementioned legislation that may be interpreted to require that the Notes be listed upon their issuance to benefit from the aforementioned provisions, including the exemption from the requirement to apply withholding tax. Hence, 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 or that such listing requirement is not satisfied, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax (*ritenuta a titolo di imposta o acconto*), currently at a rate of 26% and, subject to certain exceptions under "*Description of the Notes—Withholding Taxes*," we would be required to pay additional amounts with respect to such withholding taxes such that holders receive a net amount that is not less than the amount that they would have received in the absence of such withholding. 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 Exchange. The imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay, subject to certain exemptions, additional amounts to holders of the Notes could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

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

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

The Collateral and the Guarantee will be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the Intercreditor Agreement, whether on or after the date the Notes are first issued. The existence of such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral and the Guarantee, as well as the ability of the Security Agent to realize or foreclose on such Collateral and the Guarantee. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or re-characterization under applicable law. The granting of the Guarantee and any 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 Guarantee and any security interests to secure the Notes and the Revolving Credit Facility may create hardening, claw back or voidance periods for such Guarantee and security interests in certain jurisdictions, including Italy. The granting of shared security interests (including security interests in the Collateral), 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 claw back periods in certain jurisdictions, including Italy. The applicable hardening, claw back 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 Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*."

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 Acquisition Closing Date, in connection with the accession of further subsidiaries as guarantors of the Notes and the granting of security interest over their relevant assets and equity interests for the benefit of holders of the Notes, as applicable.

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

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

In addition, even if we received the approval by the presidency of the Italian Council of Ministries, Italian Golden Power Legislation (including the clearances regime) will continue to be applicable to the Target and, following the Post-Completion Merger, MergerCo, in case the relevant entity is involved in any transaction, act or resolution falling within the scope of the Italian Golden Power Legislation, including, among others, any transfers of the Target's and MergerCo's shares, including upon enforcement of the Target's share pledge (if any) and Issuer's share pledge (and, following the Post-Completion Merger, MergerCo's share pledge), the granting and/or enforcement of security over certain assets of the Target and/or any other transactions triggering a change of control covered by such legislation.

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

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

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

For example, in Italy the Collateral will not be granted directly to the holders of the Notes but will be created and perfected in favor of the Security Agent, acting also in its capacity as representative (*rappresentante*) of the holder of the Notes pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Italian Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of an agent (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantee by a *rappresentante* pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

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

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

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

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party or the grantor of the security, as applicable. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the

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

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

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

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

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

Under Italian law, the approval of an extraordinary resolution typically requires the consent of more than one half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold may be reduced from 75% to 50%. Furthermore, the interaction between (i) the provisions set forth under the Indenture with respect to meetings of holders of the Notes, the applicable majorities and the rights of each holder of the Notes to vote in the relevant meeting and (ii) applicable Italian law provisions relating to quorum and majorities in meetings of holders of notes issued by Italian companies is also untested in the Italian courts.

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 Guarantee and the security interests in the Collateral, including fraudulent conveyance statutes, may adversely affect validity and enforceability.

Upon the initial issuance of the Notes, the Notes will only be obligations of the Issuer. Under certain circumstances, in the event that the Post- Completion Merger does not occur on or prior to the Cut-Off Date, the Issuer shall use commercially reasonable efforts to procure that, subject to the Agreed Security Principles and certain significant limitations pursuant to applicable laws, the Target guarantees the Notes. On the Issue Date, our obligations under the Notes, subject to certain agreed security principles, will be secured by security interests over the Escrowed Property, on a first priority basis. On or about the Acquisition Closing Date, the Notes will be secured on a first-ranking basis, subject to the Agreed Security Principles and certain perfection requirements, by the Completion Collateral. Within 20 Business Days from the Acquisition Closing Date, the Notes will be secured, subject to the Agreed Security Principles and certain perfection requirements, by the Post-Completion Collateral. The Issuer and the Target are incorporated under the laws of Italy. There is a rebuttable presumption that the "center of main interest" as defined in Regulation (EU) No. 2015/848 of the European Parliament and of the Council of May 20, 2015 on Insolvency Proceedings (the "Insolvency Regulation") is the jurisdiction where the registered office is situated.

The insolvency laws of 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 the Issuer, a Guarantor or any other of the Issuer's subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. In particular, the Indenture and the Intercreditor Agreement could be limited in scope and effect by Italian courts to the extent their covenants and provisions, which are untested under Italian case law, could be considered to conflict with mandatory provisions of Italian law. In the event that the Issuer experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings or their duration (which may be significantly longer than the duration of analogous proceedings in jurisdictions you may be familiar with).

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

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

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

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

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

The amount recoverable from the Guarantor and 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 Guarantee or security interest may be set aside, in which case the entire liability may be extinguished. See also "*—The Guarantee and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.*" and "*—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantee and the Collateral may adversely affect the validity and enforceability of any Guarantee and the Collateral*."

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

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

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

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

Although we believe that the Issuer and the Target 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 Guarantee were issued or the security interests were created or that, regardless of the method of valuation, a court would not determine that a Guarantor or security provider was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor or security provider was insolvent on the date its Guarantee was issued or the security interests were created, that payments to holders of the Notes constituted fraudulent transfers on other grounds.

Under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests granted to secure the Notes could be subject to potential challenges by an insolvency administrator or by other creditors 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 made by the debtor during a certain legally specified period (the "suspect period"). The avoidance may relate to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (*i.e.*, to the extent the asset or obligation given or undertaken exceeds by one-quarter the value of the consideration received by the debtor), or involving unusual means of payment (*e.g.*, payment in kind) or security taken after the creation of the secured obligations, whereby the creditor must prove its lack of knowledge of the state of insolvency of the relevant entity in order to rebut any claw back action, (ii) security granted in order to secure a debt due and payable, whereby the creditor must prove his lack of knowledge of the state of insolvency of the relevant entity in order to rebut any claw back action during the suspect period of six months prior to the declaration of the insolvency, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, whereby the insolvency administrator must prove that the creditor was aware of the state of insolvency of the relevant entity in order to enforce any claw back action. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*" 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 insolvency declaration. In addition, under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective vis-à-vis creditors, if made by the insolvent entity in the two-year period prior to insolvency. In addition, the Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the EU.

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

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

The Issuer's right to receive payments under the Funding Loan prior to the Post-Completion Merger (if it occurs) may be subordinated by law to the obligations of other creditors.

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

In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, such loan will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("undercapitalization"). 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, it cannot be excluded that a court may find the requirements provided for by the relevant provisions of the Italian Civil Code to be applicable in respect of the Funding Loan borrowed by the Target. Accordingly, an Italian court may conclude that the Target's obligations under the Funding Loan are subordinated to all its obligations towards other creditors. Should the Target's obligations under the Funding Loan be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, prior to the Post-Completion Merger the Issuer may not be able to recover any amounts under the Funding Loan, which could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*."

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans (including the Funding Loan) or notes are subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or notes or any guarantees and/or security interest granted by such Italian subsidiaries (including, under certain circumstances in the event that the Post-Completion Merger does not occur on or prior to the Cut-Off Date, subject to the Agreed Security Principles and certain significant limitations pursuant to applicable laws, the Guarantee to be provided by the Target) may be impaired or restricted.

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

Because the Notes have not been, and will not be registered under the Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any other applicable jurisdiction. Accordingly, the Securities are being offered and sold only (i) to QIBs in reliance on Rule 144A and (ii) outside the United States in an offshore transaction (as defined in Regulation S) in reliance on Regulation S. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes in the United States and other countries comply with applicable securities laws. See "*Notice to Investors*."

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

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

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

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

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

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

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

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

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

Revolving Credit Facility Agreement and agreements governing any future indebtedness and may result in the acceleration of such indebtedness (even if such change of control under the Revolving Credit Facility Agreement may be deemed not to be a change of control for the purposes of the Indenture). Any failure by the Issuer to offer to purchase the Notes upon a change of control would constitute a default under the Indenture.

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

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

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

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

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

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

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

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

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

The merger of the Issuer with the Target and the assumption of obligations under the Notes by the resulting entity may be treated as a deemed exchange for U.S. federal income tax purposes.

If the conditions for the Post-Completion Merger are met, the Issuer will merge with the Target, with MergerCo being the surviving entity. MergerCo, as the surviving entity, will assume the obligations of the Issuer under the Notes. Although the matter is not free from doubt, we intend to take the position (to the extent we are required to do so) that these transactions will not be treated as resulting in a taxable exchange for U.S. federal income tax purposes. It is possible, however, that the U.S. Internal Revenue Service ("**IRS**") could take a contrary view, and seek to treat the Post-Completion Merger and the assumption of the obligations under the Notes by MergerCo as resulting in a taxable exchange of the Notes for "new" Notes for U.S. federal income tax purposes. If so, U.S. holders (as defined in "*Certain Tax Considerations—Certain U.S. federal income tax considerations*") would recognize gain or loss in connection with such taxable exchange (although any loss could be disallowed) and would have a new holding period and new tax basis in the Notes for U.S. federal income tax purposes. In addition, if the fair market value of the Notes at the time of the Post-Completion Merger is less than the principal amount of such Notes (by more than a statutorily defined *de minimis* amount), such Notes may be treated as issued with original issue discount for U.S. federal income tax purposes ("**OID**"). Please see "*Certain Tax Considerations—Certain U.S. federal income tax considerations.*"

Holders of the Notes may have adverse tax consequences in the event of an IPO Pushdown

In the event that the Issuer of the Notes changes as a result of the provisions described under "Description of the Notes—IPO Pushdown," such change in the Issuer could result in a taxable exchange of the Notes for "new" Notes for U.S. federal income tax purposes. If so, U.S. holders (as defined in "*Certain Tax Considerations—Certain U.S. federal income tax considerations*") would recognize any gain or loss in connection with such taxable exchange (although any such loss could be disallowed) and would have a new holding period and new tax basis in each series of the Notes for U.S. federal income tax purposes. In addition, if the fair market value of the Notes at the time of the IPO Pushdown is less than the principal amount of such Notes (by more than a statutorily defined *de minimis* amount), such Notes may be treated as issued with OID. Please see "*Certain Tax Considerations—Certain U.S. federal income tax considerations*."

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

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

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

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

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

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

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

Upon the consummation of the Acquisition, the Sponsor will indirectly hold through HoldCo 75% of the share capital of the Target, while Cometa, one of the two existing shareholders of the Target, will hold the remaining 25% (the "**Future Shareholders**"). Concurrently with the consummation of the Acquisition, the Target will be directly wholly owned by the Issuer. As a result, each of the Sponsor and Cometa has, directly or indirectly, the power to affect our legal and capital structure as well as the ability to elect and change our management and to approve other changes to our operations and to influence the outcome of matters requiring action by our shareholders. The Future Shareholders' interests in certain circumstances may conflict with your interests as holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. For example, the Future Shareholders could vote to cause us to incur additional indebtedness. Moreover, the Sponsor is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us and/or that operate in our markets or adjacent ones. The Sponsor may also pursue acquisition opportunities that are complementary to or in competition with our business and, as a result, those acquisition opportunities may not be available to us. In addition, the Future Shareholders may hold interests in suppliers or customers of the Target. The Future Shareholders will enter into a shareholders' agreement on the Acquisition Closing Date that provides for the governance rules of, among others, HoldCo, the Issuer and the Target. All significant actions to be taken by HoldCo, the Issuer and the Target will require approval of the board of directors of HoldCo, the Issuer and the Target (as the case may be), which will include members designated by the Sponsor and Cometa. If a matter is not approved by the relevant board of directors due to a deadlock, the relevant resolution shall not be adopted. As a result, even when your interests are aligned with the interests of the Sponsor, Cometa may disagree and vice versa and be entitled to vote against a decision that would be in your interest. Any such deadlock, if not promptly resolved, could adversely affect our business. The Sponsor and its affiliates could also have an interest in pursuing acquisitions, divestitures (including one or more divestitures of all or part of our business or sales of our shares which would result in changes to our shareholding structure), financings, dividend distributions or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to you as a holder of Notes. See "*Certain Relationships and Related Party Transactions*."

USE OF PROCEEDS

We estimate that the gross proceeds from the Offering will be €375.0 million. The gross proceeds from the Offering will be used, together with the Shareholder Funding and cash on the Target's balance sheet, to (i) finance the purchase price for the Acquisition, (ii) refinance the Refinanced Target Indebtedness, including accrued interest thereon, (iii) pay fees and expenses in connection with the Transactions and (iv) fund cash to the Target's balance sheet for general corporate purposes. See also "*Summary—The Transactions*."

The estimated sources and uses of the funds necessary to consummate the Transactions are shown in the table below assuming the Acquisition Closing Date had occurred on June 30, 2021. Actual amounts will vary from the amounts shown in this table depending on several factors, including the actual Acquisition Closing Date, the outstanding amount of borrowings and accrued interest under the Refinanced Target Indebtedness on such date, the amount of cash available on the balance sheet of the Target on such date and differences from our estimates of fees and expenses associated with the Transactions.

Sources of Funds	Amount	Uses of Funds	Amount
	(€ million)		(€ million)
Gross proceeds from the Offering	375.0	Purchase price for the Acquisition(3)	1,125.0
Shareholder Funding(1)	910.1	Repayment of the Refinanced Target Indebtedness(4)	119.9
Cash on Target's balance sheet(2)	14.7	Transaction fees and expenses(5)	14.0
		Cash funded to the Target's balance sheet(6)	40.9
Total Sources	**1,299.8**	**Total Uses**	**1,299.8**

(1) The Shareholder Funding comprises (a) an equity contribution to be provided by HoldCo to the Issuer (in the amount of €182.0 million) and (b) a deeply subordinated shareholder loan by HoldCo to the Issuer for an amount of €728.1 million (the "**Shareholder Loan**").

(2) Represents the amount of cash and cash equivalents on the Target's balance sheet as of June 30, 2021 that is expected to be used, together with a portion of the amounts made available under the Funding Loan, to repay in full and cancel the Refinanced Target Indebtedness on the Acquisition Closing Date. See "*Capitalization.*"

(3) Represents the estimated cash purchase price payable to the Sellers for the shares of the Target to be acquired under the Acquisition Agreement on the Acquisition Closing Date and to be financed by using the proceeds from the Shareholder Funding and all the proceeds from virtual tranche A ("**Tranche A**") under the Notes, as further described under "*—The Transactions—The Financing*" above.

(4) Represents the aggregate principal amount of Refinanced Target Indebtedness as of June 30, 2021, which we expect Target to repay in full and cancel on the Acquisition Closing Date using the proceeds from the Funding Loan, to be made by the Issuer to the Target on or about the Acquisition Closing Date by using a portion of the proceeds from virtual tranche B ("**Tranche B**") under the Notes, as further described under "*—The Transactions—The Financing*" above. The principal amount of Refinanced Target Indebtedness shown in the table above excludes accrued and unpaid interest of €0.6 million as of June 30, 2021. The principal amount of Refinanced Target Indebtedness as well as the amount of accrued and unpaid interest outstanding and payable on the Acquisition Closing Date may vary from the amounts outstanding and due on June 30, 2021. If the amount required to repay the Refinanced Target Indebtedness on the Acquisition Closing Date exceeds the estimated amount set forth in the table above, the amount of cash on balance sheet following the Transactions will be reduced commensurately. See "*Capitalization.*"

(5) Represents the estimated fees and expenses that will be payable in connection with the Transactions, including legal and other advisor fees and transaction expenses to be financed with all the proceeds from virtual tranche C ("**Tranche C**") under the Notes, as further described under "*—The Transactions—The Financing*" above. The actual amount of fees and expenses payable on the Acquisition Closing Date may differ from the estimated amount shown in the table above. If the actual amount of fees and expenses payable on the Acquisition Closing Date exceeds the estimated amount set forth in the table above, the amount of cash on balance sheet following the Transactions will be reduced commensurately.

(5) Represents the estimated amount of cash that will be funded to the Target's balance sheet in connection with the Transactions, which will be used for general corporate purposes, including, among other things, funding future capital expenditures, the payment of interest or the repayment of debt, including the Refinanced Target Indebtedness in the event the amount required to repay such indebtedness on the Acquisition Closing Date exceeds the estimated amount of Refinanced Target Indebtedness set forth in the table above. See "*Capitalization.*"

CAPITALIZATION

The following table sets forth the cash and cash equivalents and the capitalization (i) of the Target on a historical basis, as of June 30, 2021 and (ii) of the Issuer as adjusted to give effect to the consummation of the Transactions, as if they had occurred on June 30, 2021. Amounts presented in the table below exclude capitalized debt issuance costs. Unless otherwise noted, the adjustments column does not give effect to movements in cash and cash equivalents or amounts borrowed or repaid after June 30, 2021. We believe that presenting the cash and cash equivalents and capitalization of the Issuer in this manner is the most meaningful way to present the financial position of the Issuer after giving effect to the Transactions as if they had occurred on June 30, 2021, given the Issuer is a holding company formed in connection with the Transactions with no revenue generating activities of its own and without any business operations, material assets or liabilities, other than those incurred in connection with its incorporation and the Transactions.

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

	As of June 30, 2021	
	Target	Issuer
(€ million)	Historical	As adjusted for the Transactions
Cash and cash equivalents(1)	**14.7**	**40.9**
Revolving Credit Facility(2)	–	–
Notes offered hereby(3)	–	375.0
Refinanced Target Indebtedness(4) and Rolled Target Indebtedness(5)	135.8(6)	15.9
Lease liabilities(7)	89.2	89.2
Total gross financial indebtedness	**225.0**	**480.1**
Total equity and shareholder funding(8)	45.6	910.1
Total capitalization(9)	**270.6**	**1,390.2**

(1) As Adjusted Cash and Cash Equivalents reflects the cash and cash equivalents of the Target as of June 30, 2021 adjusted to give effect to the Transactions, including cash overfunding on balance sheet of the Issuer of €26.2 million as described under "*Use of Proceeds*." Our cash and cash equivalents as of the estimated Acquisition Closing Date might differ from our estimates due to a number of factors, including the timing of the Acquisition Closing Date and the amount of cash generated and not utilized by the Target between June 30, 2021 and the Acquisition Closing Date.

(2) The Revolving Credit Facility provides for a revolving credit facility of up to €125.0 million and is expected to be undrawn on the Acquisition Closing Date.

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

(4) Represents the principal amount of the Refinanced Target Indebtedness (€119.8 million), which we expect to repay in full in connection with the Transactions. Amounts shown exclude accrued and unpaid interest of €0.6 million as of June 30, 2021.

(5) Represents the principal amount of Rolled Target Indebtedness (€15.9 million), consisting of certain short-term facilities which we expect to remain outstanding following the Acquisition Closing Date. See "*Description of Certain Financing Arrangements—Rolled Target Indebtedness*."

(6) Represents the amount of bank loans and borrowings and other current and non-current financial liabilities of €133.9 million plus €2.7 million arising from amortized cost accounting, less €0.6 million of accrued and unpaid interest and €0.1 million of debts for credit cards.

(7) Represents lease liabilities under IFRS 16 as of June 30, 2021.

(8) As adjusted total equity and Shareholders Funding represents the equity contribution in the amount of €182.0 million *plus* the deeply subordinated shareholder funding in the amount of €728.1 million provided to the Issuer by HoldCo in connection with the Transactions. See "*Use of Proceeds*."

(9) Represents total gross financial indebtedness *plus* total equity and Shareholder Funding.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables set selected financial information of the Target for the periods ended and as of the dates indicated below. The historical financial information of the Target set forth below as of and for the year ended (i) March 31, 2019 has been derived from the comparative column in the financial statements of the Target as of and for the year ended March 31, 2020, (ii) March 31, 2020 has been derived from the financial statements of the Target as of and for the year ended March 31, 2020 and (iii) March 31, 2021 has been derived from the financial statements of the Target as of and for the year ended March 31, 2021, which are, in each case, included elsewhere in this Offering Memorandum. The historical financial information and other data as of June 30, 2021 and for the three month periods ended June 30, 2021 and 2020 has been derived from the unaudited condensed interim financial information of the Target as of and for the three month period ended June 30, 2021, which are included elsewhere in this Offering Memorandum, unless otherwise stated.

You should read the information set forth below in conjunction with the sections "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements including the notes thereto included elsewhere in this Offering Memorandum. Our historical results do not necessarily indicate results that may be expected for any future period.

Selected Profit or Loss Statement Data

	Year ended March 31,			Three months ended June 30,		Twelve months ended June 30,
(in € million)	**2019**	**2020**	**2021**	**2020**	**2021**	**2021**
Revenue	124.7	156.2	187.4	44.1	50.8	194.1
Other income	5.1	4.4	4.4	0.9	0.7	4.2
Total revenue and other income	**129.8**	**160.6**	**191.9**	**45.0**	**51.5**	**198.3**
Internal work capitalized	0.4	2.4	3.1	0.7	0.8	3.1
Purchases of materials and services	(48.9)	(59.9)	(76.6)	(18.1)	(22.0)	(80.5)
Personnel expenses	(19.4)	(22.7)	(38.9)	(6.1)	(8.3)	(41.1)
Other operating costs	(1.1)	(2.1)	(1.7)	(0.3)	(0.9)	(2.3)
Depreciation and amortization	(54.7)	(67.9)	(83.3)	(19.4)	(23.8)	(87.6)
Impairment losses on non-current assets	(2.3)	(1.4)	(1.5)	(0.2)	(1.0)	(2.3)
Impairment losses on trade receivables and other financial assets	(1.5)	(1.3)	(1.7)	(0.3)	(0.4)	(1.9)
Operating profit/(loss)	**2.3**	**7.7**	**(8.8)**	**1.3**	**(4.1)**	**(14.2)**
Financial income	0.3	0.3	0.7	0.1	0.3	0.8
Financial expense	(5.1)	(5.3)	(6.9)	(1.7)	(1.6)	(6.8)
Net financial expense	**(4.8)**	**(4.9)**	**(6.2)**	**(1.6)**	**(1.4)**	**(6.0)**
Profit/(loss) before tax	**(2.6)**	**2.8**	**(15.0)**	**(0.3)**	**(5.5)**	**(20.2)**
Income taxes	2.0	0.4	4.8	0.6	1.1	5.3
Profit (loss) for the year/period	**(0.5)**	**3.2**	**(10.2)**	**0.3**	**(4.4)**	**(14.9)**

Selected Statement of Financial Position Data

(in € million)	As of March 31, 2019	2020	2021	As of June 30, 2021
Intangible assets	14.0	15.2	18.5	21.0
Property, plant and equipment	149.7	169.1	197.8	203.9
Right-of-use assets	82.7	89.5	105.9	111.3
Contract costs	4.6	9.8	14.0	13.5
Other financial assets	0.5	0.6	0.6	0.8
Deferred tax assets	1.9	2.0	7.0	8.2
Non-current assets	**253.4**	**286.2**	**343.9**	**358.6**
Trade receivables	9.8	9.4	10.6	10.2
Other assets	11.3	8.9	12.1	10.7
Current tax assets	0.2	–	0.1	0.1
Cash and cash equivalents	12.4	37.8	15.4	14.7
Current assets	**33.6**	**56.0**	**38.1**	**35.6**
Total assets	**287.1**	**342.3**	**382.0**	**394.3**
Share capital	10.0	10.0	10.0	10.0
Share premium	25.0	25.0	25.0	25.0
Legal reserve	1.0	1.2	1.3	1.3
Other reserves	0.3	0.5	0.4	0.4
Profit (loss) for the period	(0.5)	3.2	(10.2)	(4.4)
Retained earnings	21.1	20.5	23.5	13.3
Total equity	**57.0**	**60.3**	**50.0**	**45.6**
Bank loans and borrowings and other financial liabilities	59.3	97.5	96.2	101.2
Lease liabilities	49.1	52.2	60.0	61.8
Derivatives	1.0	0.2	0.2	0.2
Provisions	0.7	0.8	1.2	1.2
Employee benefits	3.2	4.2	19.5	4.8
Other liabilities	7.2	4.2	2.9	3.9
Non-current liabilities	**120.6**	**159.2**	**179.9**	**173.0**
Bank loans and borrowings and other financial liabilities	19.1	22.7	25.2	32.7
Lease liabilities	13.6	19.0	24.8	27.4
Trade payables	40.4	40.4	55.5	57.0
Contract liabilities	23.9	27.6	31.4	30.6
Employee benefit	3.8	4.5	5.2	20.4
Other liabilities	8.8	8.6	10.0	7.5
Current liabilities	**109.5**	**122.7**	**152.1**	**175.6**
Total liabilities	**230.1**	**281.9**	**332.0**	**348.6**
Total liabilities and equity	**287.1**	**342.3**	**382.0**	**394.3**

Selected Cash Flow Statement Data

(in € million)	For the year ended March 31, 2019	2020	2021	Three months ended June 30, 2020	2021	Twelve months ended June 30, 2021
Net cash flows generated by operating activities	56.8	83.3	91.6	17.4	18.9	93.1
Net cash flows used in investing activities	(69.7)	(83.5)	(92.4)	(16.8)	(25.4)	(101.0)
Net cash flows from/(used in) financing activities	17.7	25.6	(21.6)	(4.8)	5.8	(11.0)
Net increase/(decrease) in cash and cash equivalents	4.8	25.4	(22.4)	(4.3)	(0.7)	(18.8)

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

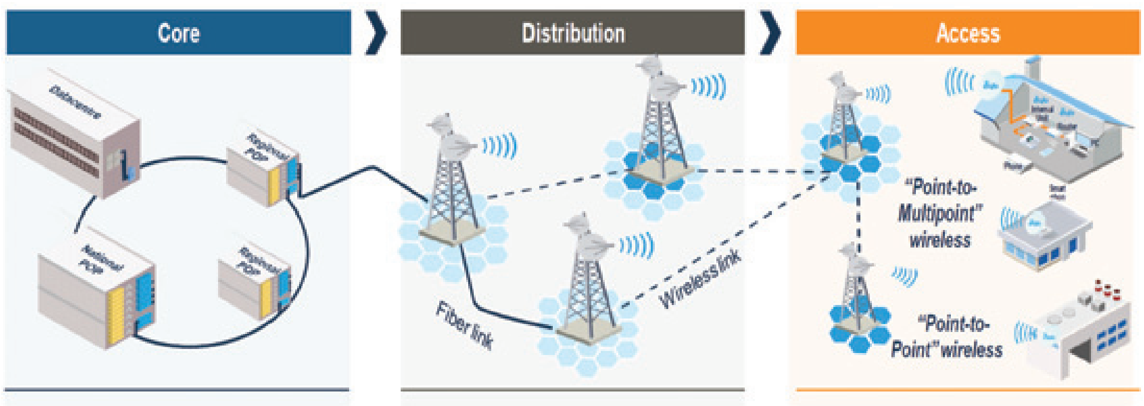
The following is a discussion and analysis of our financial condition and results of operations in the periods set forth below. This discussion should be read together with, and is qualified in its entirety by reference to our Financial Statements prepared in accordance with IFRS and the related notes thereto. The following discussion should also be read in conjunction with "Presentation of Financial Information," and "Summary Historical Consolidated and Other Financial Information." The discussion in this section may contain forward-looking statements reflecting our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly under "Risk Factors" and "Forward-Looking Statements."

Overview

We are the largest provider of broadband ("**BB**") and ultra-broadband ("**UBB**") fixed-wireless access ("**FWA**") services in Italy based on revenues for the year ended December 31, 2020 and the second largest based on number of subscribers with a market share of 34.7% for year ended March 31, 2021. Our mission is to close the digital and speed divide by offering high-speed broadband connectivity services in underserved rural (*i.e.*, White areas) and suburban areas (*i.e.*, Grey II areas) in Italy where alternative connection technologies are either unavailable or significantly delayed (*i.e.*, FTTH) or have lower speed and quality performance (*i.e.*, ADSL or FTTC). As a result, we mainly focus on identified rural and suburban areas comprising approximately 11.5 million households in Italy where the penetration of broadband connection services is lower than in the rest of Italy and where we offer the highest available speed (our "**Target Addressable Market**" or "**TAM**"). Our unique FWA infrastructure platform enables us to offer in our Target Addressable Market, in a cost-effective manner, speeds of up to 100 Mbps (download speed) and we are working to increase connection speeds to 300 Mbps in the near future to further distinguish our service offer. With selected business customers, we already offer speeds of up 1 Gbps (download speed) through point-to-point ("**PTP**") wireless link connections. In recent years, we have aggressively expanded our FWA network coverage to reach more than 80% of households in our Target Addressable Market and more than 6,700 municipalities across Italy's 20 regions. This resulted in a strong growth of our subscriber base from approximately 379,600 as of March 31, 2019 to 567,900 as of June 30, 2021, with a CAGR of 19.6%. Our market share in our Target Addressable Market was 51.5% of FWA connections as of March 31, 2021.

We own, lease and operate a unique proprietary end-to-end infrastructure network that enables us to offer a high-quality service to our customers. Our FWA infrastructure covers the complete end-to-end core, distribution and access networks of the fixed data transmission chain.

EOLO'S END TO END INFRASTRUCTURE NETWORK



- *Core Network*. Our core network leverages on four core national points of presence ("**POP**"), five core regional POP and two data centers connected through our backbone. Our backbone is secured by long-term indefeasible rights of use ("**IRU**") of third parties' dark fiber infrastructure of approximately 14,800 kilometers as of June 30, 2021 (an increase of more than approximately +416% since March 31, 2018);

- *Distribution Network*. Our distribution network is based on fiber backhauling and radio links. As of March 31, 2021, our fiber backhauling is secured by leased capacity circuits. In addition, in 2021 we signed an agreement with Open Fiber to secure 1,000 fiber-to-the-antenna links to base transceiver stations ("**BTS**") (*i.e.*, fiber-to-the-antenna). As of March 31, 2021, we have approximately 3,600 radio links connecting BTS (an increase of approximately +41% compared to March 31, 2018); and

- *Access Network*. As of August 31, 2021, our access network is based on approximately 3,400 BTS (an increase of approximately +45% compared to March 31, 2018), which deliver signal to the customer premises equipment (the "**CPE**"), installed on customers' premises, primarily using (i) the unlicensed 5GHz spectrum (for our 30 Mbps EOLO Wave offering) and (ii) the licensed 28 GHz spectrum (for our advanced, higher speed 100 Mbps EOLO Wave G offering).

Our external network of approximately 1,500 technicians (known as "installers") across Italy provides us with in-depth local knowledge and a capillary presence in our Target Addressable Market, which in turn is instrumental to our ability to offer high service levels.

As the first mover in our Target Addressable Market, we have established a high-quality infrastructure network that is difficult to replicate in a cost-efficient way. We offer our excess capacity on a wholesale basis to other operators who can exploit EOLO's infrastructure to acquire new customers or migrate customers currently served through non-performing technologies in Italian rural and suburban areas. Building on this strategy, in 2020 we signed an agreement with Wind 3 and in 2021 announced a memorandum of understanding with TIM; these strategic partnership projects are focused on our Target Addressable Market, where TIM and Wind 3 will be able to provide internet access services to their existing and new customers using our proprietary infrastructure network.

We operate in the underpenetrated Italian fixed broadband market where we see considerable room for growth, particularly in our Target Addressable Market. Due to the lack of coaxial cable infrastructure, delays in fiber roll-out and difficult geographic terrain, only approximately 67% of Italian households as of December 31, 2019 had a fixed broadband connection as compared to a European average penetration rate of approximately 87% as of December 31, 2019. Broadband connection services, principally through FWA technology in rural and suburban areas, are expected to continue to expand and close this penetration gap on the back of growing data consumption driven by changing consumer habits (such as remote working) and the growing use of online streaming, which trend has been boosted during the COVID-19 pandemic.

We believe that there is an untapped growth opportunity in our Target Addressable Market, where broadband penetration and high-speed connections are significantly lower than the national average level (penetration levels between 56% and 60%). Given the physical geography and low population density of many Italian rural and suburban communities, FWA can be the best technological alternative to deliver high broadband speeds at competitive prices given its limited roll-out costs and fast network deployment times in these areas. Legacy technologies (*i.e.*, ADSL and FTTC) are proving less effective to meet the growing demand for bandwidth, while FTTH is either not going to be deployed or will be deployed only with delays in these areas, in part due to the significant investments required. As the largest provider of broadband and ultra-broadband services in our Target Addressable Market, we believe that we are uniquely positioned to exploit this growth opportunity.

The expansion of our FWA network and service offering in recent years has driven the growth of our total revenues and other income and Adjusted EBITDA. From the year ended March 31, 2019 our total revenues and other income and Adjusted EBITDA increased from €129.8 million, and €67.7 million, respectively, to €198.3 million (a CAGR of 20.7%) and €107.9 million (a CAGR of 23.0%), respectively, for the twelve months ended June 30, 2021. For the same period, our loss for the year/period increased from €0.5 million to €14.9 million. For the twelve months ended June 30, 2021, 94% of our total revenues and other income was generated from subscription-based revenues from monthly recurring debits by customers and approximately 6% was generated from one-off payments, including activation fees and penalties for churned customers.

We divide our offering into the following three segments:

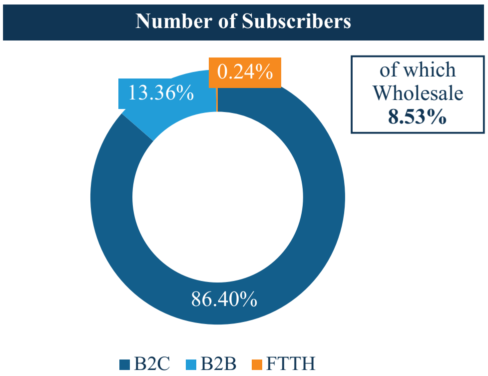
- **Business-to-Consumer ("B2C").** As of June 30, 2021, we had approximately 490,700 B2C subscribers ("**B2C Subscribers**"). Our offering to B2C Subscribers includes modular commercial offerings designed to address different users' needs with dedicated add-on packages: "Entertainment" (streaming and gaming), "Study & Work" (studying and remote working applications) and "Security" (antivirus and parental control).

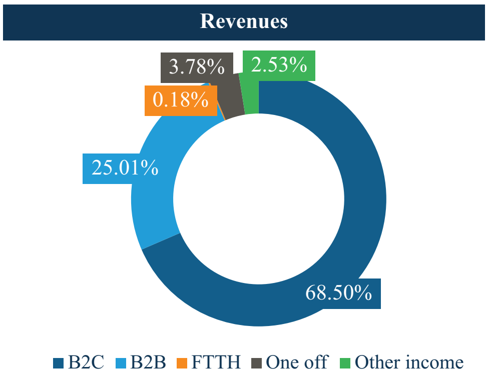
- **Business-to-Business ("B2B").** As of June 30, 2021, we had approximately 75,900 B2B subscribers ("**B2B Subscribers**"). Our offering to B2B Subscribers includes connectivity services for small and home offices ("**SoHo**") and small and medium enterprises ("**Business**") to which we offer shared solutions, and for large companies ("**TOP**") to which we offer services through high-end connectivity and dedicated infrastructure.

- **FTTH.** Although it does not represent our core business, we provide a FTTH service mainly in certain urban areas covered by Open Fiber's FTTH infrastructure to complement our FWA services in order to meet customer demand. As of June 30, 2021, we had approximately 1,400 fiber subscribers ("**Fiber Subscribers**").

As of June 30, 2021, our B2C and B2B Subscribers included approximately 48,500 wholesale end-customers ("**Wholesale Subscribers**"). We sell to our Wholesale Subscribers through internet service providers ("**ISP**"), system integrators and to national internet providers and international telecommunications providers to whom we offer our excess capacity. We plan to strengthen our wholesale offering in the future relying more on major national and international providers such as TIM and Wind 3 and further expand our wholesale offering to retail customers.

The below charts set forth the percentage of our total revenues and other income and number of subscribers represented by each of our three offering segments for the twelve months ended June 30, 2021.





One off: includes activation fees and penalties for churned customers (meaning such revenues are not generated from monthly subscription debits);
Other income: includes, *inter alia*, grants from Infratel, out of period income, tax credit and hardware resale.

Key Factors Affecting Our Results of Operations

Set forth below are certain key factors that historically have affected our results of operations, and which may impact our results of operations in the future.

Demand for connectivity, digitalization, the connected home and the Internet of Things

Our services are situated at the conflux of a number of megatrends that are redefining work, socialization, leisure and learning, namely the demand for connectivity, digitalization, the connected home and the Internet of Things.

- **Demand for connectivity:** Individuals increasingly consider broadband Internet an essential utility to support their working, learning, socializing and entertainment. The Italian fixed broadband (FBB) market comprised 18.37 million active lines as of March 2021 and is characterized by continued growth and increasing demand for high-speed broadband internet services. Fixed broadband connections grew at a 4% CAGR (2015 to March 2021) with the natural demand evolution towards high-speed internet services resulting in strong penetration of ultrabroadband (UBB) connections (30 Mbps or higher speed) reaching approximately 67% of total lines as of March 2020 (as compared to 8% of total lines as of March 2015).

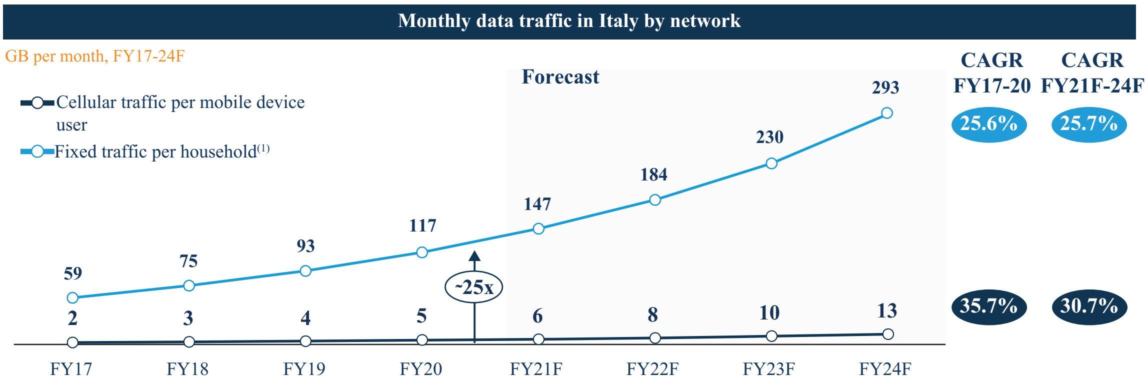
- **Digitalization:** Demand for streamed entertainment, including on-demand music and video from platforms such as Netflix, Disney Plus, AppleTV+, YouTube, Spotify and Deezer have increased significantly. Additionally, during the COVID-19 pandemic, consumption of streamed entertainment further increased significantly as well as the need for reliable and fast connectivity related to online working and learning. Moreover, in 2021, DAZN, a global sports streaming platform, acquired the rights to broadcast seven out of 10 exclusive matches per match week in Italy from 2021 to 2024 for Serie A football. This represents the first time that Italian football matches will be shown via streaming as the primary broadcaster of the competition, and the majority of Serie A football matches will no longer be available via satellite channels. Such a shift embodies the trend of the digitalization of broadcast television and the switch to streaming content requiring broadband connections.

- **The connected home:** The use of connected audio and video entertainment devices in particular has become relatively widespread: in 2020, for example, 51% of individuals in the EU reported to EUROSTAT that they used the internet on a smart TV, games console, home audio system, or smart speaker. Moreover, 11% of EU citizens surveyed in 2020 used a voice assistant. As homes become more connected to multiple devices, broadband, in particular wireless connectivity, is becoming more central.

- **The Internet of Things:** Smart wearable devices are also becoming a feature of EU citizens' lives. In 2020, 19% of individuals in the EU used a smart watch, fitness band, connected goggles or headset, safety tracker or smart clothing, accessories, or shoes. The highly connected nature of this proliferation of Internet of Things devices means that broadband Internet demand is accelerating.

On the back of these trends, data consumption in Italy is expected to continue growing for the period 2021-2024, driven primarily by fixed connectivity usage.

The graphic below shows the monthly data traffic in Italy for the period 2017-2020 and the forecast for the period 2021-2024.



(1) broadband access at fixed location, for one household. Technologies include fixed line and wireless (FWA).

The growth in our subscriber base during the periods under review are primarily attributable to these megatrends. See "*Industry*" for more information.

Growth in subscriber base and mix of subscriber pricing plans

Between March 31, 2019 and June 30, 2021, our subscriber base increased by 49.6%, with a CAGR of 19.6%.

The table below sets forth the number subscribers as of the dates indicated.

	As of March 31,			As of June 30,	
(thousands of subscribers)	**2019**	**2020**	**2021**		**2021**
B2C	325.2	402.4	485.6	425.7	490.7
B2B(1)	54.4	65.8	73.8	67.9	75.9
FTTH	–	0.5	1.3	0.6	1.4
Of which Wholesale	–	*45.8*	*48.0*	*46.7*	*48.5*
Total subscribers	**379.6**	**468.7**	**560.6**	**494.2**	**567.9**

(1) Includes Small office/home office ("**SOHO**") and small and medium enterprises served through shared solutions with efficient performance and competitive prices and Large companies ("**TOP**") served through high-end connectivity and dedicated infrastructure (point-to-point).

The total number of subscribers we serve affects our results of operations. We typically have high revenue visibility due to stickiness of our subscriber contracts and an industry-leading low churn rate as discussed below under "—*Customer churn rate*." The addition of new subscribers has the following impact on our results of operations:

- marketing and sales and selling commissions increase in anticipation of and during periods of intense net subscriber increases; and

- to retain subscribers, we incur costs to invest to maintain quality of service, invest in customer care functions, replace obsolescent equipment and maintain our network.

We focus on the B2C segment. Our subscription models start at €24.90 per month with various add-ons designed to address different users' needs, such as for work, study and entertainment, including software, connection speed and security options. In general, the greater the optionality, the higher the price of the subscription package, up to €36.90.

Our ability to grow our subscriber base depends in part on our customer service providers and our community of installers, in particular for the growth of our B2C segment. Customer assistance services help us build and maintain good relationships with our customers, which is critical to our reputation and, ultimately, our business. We outsource our CPE installation and replacement to around 600 contractors and 1,500 technicians that are trained by us, which are distributed across the country. We support the growth of our community of installers by providing continuous training, assistance, equipment and engagement activities. Our installers have direct access to our clients (*i.e.*, entering into their homes) and their role is key for our success. In addition, the majority of our installers also promote our services, which allows us to realize synergies and strengthen our national sale network.

Development of our infrastructure network

Italy's topography, population density and lack of cable infrastructure have created ideal conditions for FWA to establish itself and we believe there is a significant untapped market opportunity in rural and suburban areas (approximately 11.5 million households according to our estimates based on AGCOM, EUROSTAT, and ISTAT data). Broadband penetration in Italy (67%) is materially lower than the European Union average (87%). Our results of operations are affected by the continued development in our infrastructure network, namely: (i) the expansion of coverage, particularly from the North of Italy, where EOLO has historically been present, to the South of Italy and (ii) upgrading infrastructure network from 5 GHz to 28 GHz bandwidth.

We typically monitor and plan the development of infrastructure network through the number of municipalities we cover within Italy.

Expansion of our infrastructure network affects our results of operations in the following ways:

- drives revenue growth as the more subscribers and communities we can reach, the greater our addressable subscriber base;

- increases our operating expenses, in particular related to purchases of materials and services and labor costs, though each tend to remain fairly stable as a percentage of revenues as further described under "—*Our cost structure*";

- increases our growth capital expenditures, which in presents the following dynamic:

    - **infrastructure network expansion:** installation of additional BTS permits us to offer FWA services in new communities, thereby encouraging a growth in our subscriber base; FWA technology offers the competitive advantage that capital expenditures are majority success-based as construction, installation and rent payments for BTS represent less than the majority of the Total Capital Expenditures (capital expenditures at risk),

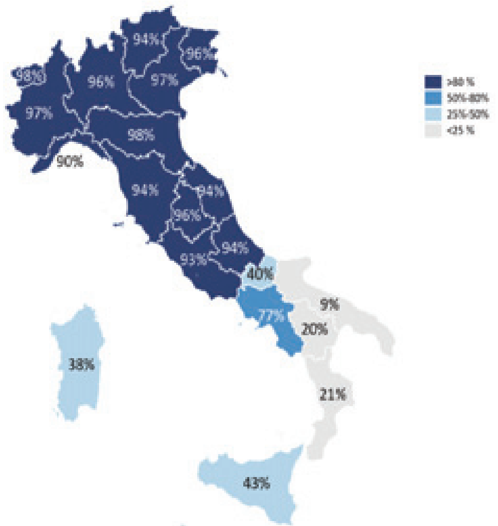
    - **success-based customer connections:** the majority of growth capital expenditures necessary to connect a subscriber corresponds to CPE and activation expenses which are incurred in connection with the activation of a new subscription plan once future revenue is secured (success based capital expenditures); and

- increases our capital expenditures; as CPE withdrawal capital expenditures are incurred for churned customers and replacement and repairing capital expenditures increase with a larger customer base.

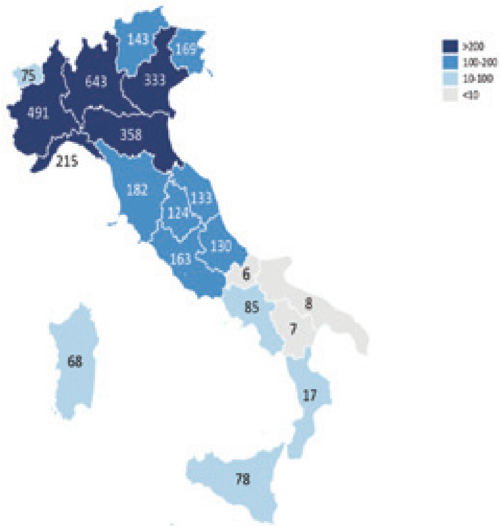
We have invested approximately €300 million in Adjusted Capital Expenditures and €239.0 million in acquisitions of property, plant and equipment for the year ended March 31, 2019 to the year ended March 31, 2021. See "*Liquidity and Capital Resources—Total Capital Expenditures and Adjusted Capital Expenditures.*"

The graphics below show our FWA network coverage by region as percentage of households and number of active BTS covered as of June 30, 2021.

FWA NETWORK COVERAGE BY REGION AS PERCENTAGE OF HOUSEHOLDS



FWA NETWORK COVERAGE BY REGION AS NUMBER OF ACTIVE BTS



The following graphics set forth our 5 GHz and 28 GHz network coverage by region, in each case based on percentage of households covered) as of December 31, 2020. As we increase our 28 GHz presence, we expect to migrate more subscribers from 5 GHz to 28 GHz plans which can increase quality of service.

5 GHZ NETWORK COVERAGE BY REGION

28 GHZ NETWORK COVERAGE BY REGION

Macroeconomic conditions

We operate solely in Italy and therefore our results of operations can be affected by general economic conditions and consumer discretionary spending in Italy. According to the OECD, communications services are increasingly perceived as non-discretionary spending items and therefore households seeking to economize will typically do so in other areas; therefore, our revenues typically exhibit less volatility during times of economic stress. Connectivity services are increasingly seen as of an essential nature (*e.g.* work-from-home, home-schooling) as evidenced throughout the COVID-19 pandemic. Nonetheless, when economic growth is robust, consumers tend to have more disposable income and may increase add-ons or upgrade to a higher category of service, which can increase our operating margins given the fixed costs of our business. Conversely, however, when economic growth is stagnant or negative, consumers may downsize to a less expensive plan. The lockdowns during COVID-19 increased demand for connectivity as many worked-from-home, studied remotely and consumed streaming content as many diversions and entertainment options were curtailed during the lockdown.

Our cost structure

Our costs primarily consist of personnel costs, marketing costs and network costs. Personnel costs are primarily related to our Sales and Marketing, Network and Technology and Customer and Operations teams. Over the last three years, we reorganized the Customer and Operations team, implementing an externalization of the workforce which has led to increased efficiency. As part of the reorganization, we formed a Customer and Operations team and restructured the HD, Customer Service, Credit and Delivery Operations teams into a single organizational structure with common performance measurement metrics. As of June 30, 2021, approximately 40% of the total costs of our customer service is attributable to our external provider in Albania (approximately 60% of the workforce in terms of FTEs is externalized). We have also undertaken actions to streamline our fixed cost structure through a new customer relationship management system ("**CRM**") designed to track our subscriber interactions from service requests to billing and collections and focus on BTS rental costs. Our marketing costs are composed by sales commissions as well as marketing expenses, which are mainly variable as they relate to new subscribers acquisition and therefore they increase in absolute value alongside the growth of the customer base. As part of our strategy to continue the expansion of our wholesale footprint, we offer our excess capacity to other operators, which will reduce our subscriber acquisition costs. Our network costs primarily relate to the rental of BTS sites, expenditure on fiber links rental and recurring expenses relating to the operation of the network (radio link licenses, electricity costs and maintenance). In recent years, we have significantly expanded our network to improve backhaul and backbone capacity and cover additional regions of Italy.

Customer churn rate

The fixed broadband market generally exhibits churn as a result of high levels of competition. In addition to competitive alternatives, churn levels may be affected by changes in our prices or our competitors' prices, our level of subscriber satisfaction, subscriber mortality and the relocation of subscribers, as well as from the termination of agreements. An increase in churn may lead to increased costs and reduced revenues as we incur additional capital expenditures in the form of withdrawal of CPEs and we typically incur additional marketing and advertising costs to acquire new subscribers. Our relatively low churn rates provide us with recurring cash flows and visibility with respect to future revenues. We have historically experienced low churn rates, and the churn we have experienced has primarily been driven by customers moving outside of our current geographic area of services as well as termination of services due to customer's inability to pay, with only a limited amount of churn due to a lack of customer satisfaction. We believe that maintaining good level of service, investing in our network infrastructure and offering transparent pricing plans will allow us to maintain low churn rates compared to the industry average. Additionally, we believe that the Internet represents a fundamental tool of social inclusion and being the first provider to arrive with broadband in a given community in our Core TAM has provided us with an advantage in maintaining our customer base.

The historical churn rate is higher 5 GHz products as compared to 28 GHz products as 28 GHz products have higher performance and low market competition in the areas we serve. As a result, one of the tools that we have to proactively prevent churn is to offer upgrades to customers who may be served by BTS that are over-utilized in the 5 GHz bandwidth; even using 5 GHz product, a customer who transitions to the 28 GHz bandwidth will experience a faster connection which can in turn lead to upselling as customers switch to a higher speed plan.

Churn rates in the year ended March 31, 2021 and the twelve months ended June 30, 2021 was higher than in prior periods due to the one-off effect of the lockdown driven by unexpected network overload which resulted in more frequent technical issues and a lower quality of service delivered to customers; however, management expects that churn will return to pre-COVID-19 levels in the year ending March 31, 2022 as network capacity bottlenecks were addressed during the year ended March 31, 2021.

We define "**Blended Churn Rate**" as the churn rate determined by dividing the subscribers lost in a period of time (the number of customers that either on a voluntary or involuntary basis no longer subscribe for our services) by the average number of subscribers for such period.

(percentage)	For the year ended March 31, 2019	2020	2021	For the twelve months ended June 30, 2021
		(percentages)		
Blended Churn Rate	11.8%	10.8%	12.5%	13.2%

The above levels compare with average churn rates for the Italian broadband market of 26.3%, 22.7% and 24.2% for the years ended March 31, 2019, 2020 and 2021.

Regulation

We hold licenses for the 26 GHz spectrum at national level, the 28 GHz spectrum at national level, the 3.5 GHz spectrum for the Valle d'Aosta region and the 6-11-13-18-80 GHz frequencies which are licensed on a link-by-link basis by the MED. In addition, we also use 5 GHz spectrum on a non-licensed basis.

Our licenses for the 26 spectrum and 28 GHz spectrum were awarded during certain tender procedures issued by the MED in 2014, 2016 and 2018 for a total consideration of €12.5 million. These licenses will expire on December 31, 2022. We have submitted the application for the extension of such licenses to the MED. We expect that the procedure will be finalized by the end of 2021 for the 28 GHz spectrum and by the first quarter of 2022 for 26 GHz spectrum. We expect that the amounts to secure renewals of our 28 GHz and 26 GHz licenses, will be higher than those paid during the 2014, 2016 and 2018 tender procedures.

Our license for the 3.5 GHz spectrum was awarded by the MED in 2013. This license provides us with the right to use the band 3.4-3.6 GHz in the Valle d'Aosta region and will expire on May 21, 2023. Our license for the 6-11-13-18-80 GHz spectrum have an automatic annual renewal and will expire together with the general authorization for the supply of electronic communications network and services in 2034. See "*Regulation.*"

Key Performance Indicators

In assessing the performance of our business, we consider a variety of performance and financial measures. The key measures for determining how our business is performing are (i) the number of subscribers as reported by AGCOM (divided into the Italian broadband market generally and the Italian FWA market specifically), (ii) the number of subscribers by product (as discussed above under "*—Key Factors Affecting Our Results of Operations—Growth in subscriber base and mix of subscriber pricing plans*"), (iii) Run-Rate Adjusted EBITDA, (iv) Blended ARPU, (v) Blended Churn Rate (as discussed above under "*—Key Factors Affecting Our Results of Operations—Customer churn rate*") and (vi) the breakdown of capital expenditures by asset (as discussed below under "*—Total Capital Expenditures and Adjusted Capital Expenditures*"). Such indicators are operational in nature and may include financial information not derived from our accounting system and are not recognized measurements of financial performance under IFRS. See "*Presentation of Financial and Other Information—Non-IFRS Financial Information*."

Number of subscribers

An important indicator regarding the attractiveness of our technology (FWA) that management actively tracks is the number of subscribers in the Italian broadband market generally and the Italian FWA market specifically. An increase in the number of FWA subscribers as a percentage of the total Italian broadband market indicates that the FWA technology that we offer is attractive and that additional households or business customers are using FWA service.

The following sets forth the number of subscribers in the Italian broadband market and Italian FWA market for the periods indicated as well as the percentage of FWA subscribers as a percentage of total subscriber base.

	For the year ended March 31, 2019	2020	2021
		(# of subscribers, except percentages)	
Italian broadband market	17,141,450	17,677,902	18,373,211
Italian FWA market	1,244,156	1,374,296	1,606,753
As a percentage of the Italian broadband market	*7.3%*	*7.8%*	*8.7%*

Run-Rate Adjusted EBITDA

The following table reconciles our Profit/(loss) for the year/period to Reported EBITDA, Adjusted EBITDA and Run-Rate Adjusted EBITDA for each of the periods indicated.

	Year ended March 31,			Three months ended June 30,		Twelve months ended June 30,
(in € million)	**2019**	**2020**	**2021**	**2020**	**2021**	**2021**
Profit/(loss) for the year/period	(0.5)	3.2	(10.2)	0.3	(4.4)	(14.9)
Income taxes	(2.0)	(0.4)	(4.8)	(0.6)	(1.1)	(5.3)
Financial income	(0.3)	(0.3)	(0.7)	(0.1)	(0.3)	(0.8)
Financial expense	5.1	5.3	6.9	1.7	1.6	6.8
Depreciation and amortization	54.7	67.9	83.3	19.4	23.8	87.6
Impairment losses on trade receivables and other financial assets[(a)]	1.5	1.3	1.7	0.3	0.4	1.9
Impairment losses on non-current assets[(b)]	2.3	1.4	1.5	0.2	1.0	2.3
LTIP[(c)]	0.2	0.4	14.3	0.2	1.4	15.6
Reported EBITDA	**60.9**	**78.6**	**92.0**	**21.4**	**22.6**	**93.2**
2020 institutional advertising campaign[(d)]	–	–	3.3	3.0	–	0.4
Monitoring fees[(e)]	0.5	0.5	0.5	0.1	0.1	0.5
Transactions costs[(f)]	0.2	0.6	0.5	0.0	0.5	1.1
Commission and activation fees[(g)]	2.3	2.3	2.5	0.5	0.7	2.6
CPE installation related costs[(h)]	4.5	7.4	11.0	2.4	3.2	11.7
Legacy ADSL business[(i)]	0.3	0.7	0.2	–	–	0.2
Other[(j)]	(1.0)	(2.5)	(2.4)	(0.6)	0.1	(1.7)
Adjusted EBITDA	**67.7**	**87.7**	**107.7**	**26.9**	**27.1**	**107.9**
Run-Rate impact[(k)]	–	–	–	–	–	7.6
Run-Rate Adjusted EBITDA	**–**	**–**	**–**	**–**	**–**	**115.5**

(a) *Impairment losses on trade receivables and other financial assets*: refers to incurred and expected losses on trade and other receivables. For purposes of preparing Reported EBITDA, management performed this adjustment in order to illustrate the performance of our business as it evolves with the changes in our subscriber base over the periods under review.

(b) *Impairment losses on non-current assets*: refers to the reduction in the value of our certain assets within property, plant and equipment due to obsolescence. As a non-cash effect, management performed this adjustment for purposes of preparing Reported EBITDA to better illustrate the performance associated with our business.

(c) *LTIP*: represents the accrual of the award to senior management of one-off payments under the Long Term Incentive Plan ("**LTIP**") in place prior to the Transactions. The LTIP had an original timeframe up to 2025 and contemplated a one off payment to senior management linked to specific, pre-agreed liquidity events such the sale of EOLO. Every fiscal year a liability is recorded as a charge to the statement of profit and loss based on the estimated payout and trigger date. For the year ended March 31, 2021 and the twelve months ended June 30, 2021, as the sale process started in January 2021 and a sale had become probable prior to the original LTIP duration (2025), the valuation we performed in connection with the Acquisition triggered a significant accrual. The LTIP is expected to be replaced by a new Management Co-Investment Plan. It is expected that members of senior management will re-invest part of the proceeds received under the LTIP into the new Management Co-Investment Plan and/or in connection with the reinvestment related to the Acquisition. As the LTIP accrual was one-off, management performed this adjustment for the purposes of preparing Reported EBITDA. See "*Certain Relationships and Related Party Transactions—Management Co-Investment Plan*" and "*Summary—The Transactions—The Acquisition*."

(d) *2020 institutional advertising campaign*: represent the costs associated with an institutional and exceptional advertising campaign realized in May 2020 during the COVID-19 pandemic to raise awareness towards authorities of the role that EOLO plays in the Italian internet connectivity landscape. As management considers this campaign as a one-off and connected to the fact that it was necessary to highlight the need for connectivity in Italy outside of large urban areas and their immediate environs which became more apparent during the COVID-19 pandemic, management performed this adjustment for purposes of preparing Adjusted EBITDA.

(e) *Monitoring fees:* represent the fees paid to our current shareholders for their consulting, monitoring and advisory services. Management performed this adjustment for purposes of preparing Adjusted EBITDA in order to illustrate the performance of the underlying business without giving effect to the shareholding structure which will change with the Acquisition. See "*Summary—The Transactions—The Acquisition*."

(f) *Transactions costs*: represent costs, including external M&A advisors and financial, commercial and legal due diligence fees and expenses, in respect of the Acquisition in 2021 and a new capital expenditure line signed in 2019. As these are one-off costs that were incurred in connection with extraordinary transactions, management performed this adjustment for the purposes of preparing Adjusted EBITDA.

(g) *Commission and activation fees*: represent the net EBITDA contribution of new clients' acquisition, including revenues for activation fees and sales commissions paid to our salesforce. Revenues for activation fees are deferred over the contract term agreed with the customer (mainly 24 months). Sales commissions are capitalized as "contract costs" since they are considered incremental costs of obtaining a contract. They are recognized as operating expense over a period of 24 months consistent with the pattern of transfer of service to which they relate and the judgment that management applied in the revenue recognition policy. Most of our telecommunications competitors recognize such items in profit or loss over a longer period, based on their estimate of customers' propensity to discontinue their subscriptions. For illustrative purposes, this adjustment applies such a convention assuming a period of time of seven years. Management considers that this adjustment can assist investors in evaluating our results of operations compared to our competitors.

(h) *CPE installation related costs:* our business requires CPEs, which are devices that enable consumers to access communication services and permit us to distribute our services. Our operating model involves re-using CPEs from churned customers in order to efficiently use our property, plant and equipment base. The following briefly explains the main components of this adjustment: (i) installation costs for re-using CPEs at new customers' premises, (ii) installation costs for CPE repairing/substituting and upselling of CPEs associated with subscriber migration from 5 GHz to 28 GHz or proactive churn prevention to relieve network bottlenecks, (iii) installation costs for CPE withdrawal from the premises of churned customers (CPEs are then reconditioned and reused), and (iv) installation costs for activation "KO" which relate to payments to technicians for CPE installation at potential new customers' premises, where the subscription was aborted due to lack of feasibility of our FWA technology at the site (*i.e.*, no line-of-sight access between the location and the BTS). They represent relocation costs and therefore do not qualify for recognition as part of property, plant and equipment under IFRS. EOLO's management considers such costs as part of the costs incurred for creation, improvement and maintenance of its infrastructure network and therefore added it back for purposes of preparing Adjusted EBITDA. Based on the above, EOLO's management considers that this adjustment can assist investors in evaluating the operating results obtained through our infrastructure network. Moreover, the same adjustment is utilized in calculating Adjusted Capital Expenditure as described under footnote (3) to show the overall investment in our infrastructure network, with no impact on cash flows.

(i) *Legacy ADSL business*: this adjustment adds back the net negative EBITDA contribution associated with the ADSL business. ADSL represents a form of delivering broadband connectivity using telephone lines and is considered an obsolete technology that generally provides slower navigation and is more expensive to deliver than FWA technology, our core business. As of June 30, 2021, we had approximately 500 residual subscribers of ADSL services. We are actively encouraging ADSL subscribers to migrate to other technologies. Due to the fact that EOLO's management will not further invest in ADSL technology, management performed this adjustment for purposes of preparing Adjusted EBITDA as it can assist investors in understanding EOLO's core business.

(j) *Other:* mainly includes grants from Infratel on items that have been recognized as property, plant and equipment and depreciated over time. In order to adjust for one-off and non-operating income items, EOLO's management performed this adjustment for purposes of preparing Adjusted EBITDA. Additionally, for the year ended March 31, 2019, this line item includes the reversal of a payroll item that by its nature EOLO's management believes is similar to the payroll expenses that were capitalized in the year ended March 31, 2019.

(k) *Run-Rate impact:* is calculated as the EBITDA that EOLO would have generated during the last twelve months ended June 30, 2021 period if subscribers as of June 30, 2021 had been subscribers for the entire period, applying the Blended ARPU for the twelve months period to such subscriber base. Management considers that this adjustment shows, on an illustrative basis, the cash generation effect of new customer acquisitions driven by recent structural trends that have increased demand for high-speed connectivity. This further adjustment to Adjusted EBITDA is presented for informational purposes only and does not purport to present what EBITDA would have been had these new subscribers been acquired on July 1, 2020 nor does it purport to project EBITDA for any future period. The assumptions underlying this adjustment are based on our current estimates and they involve risks, uncertainties and other factors that may cause actual results or performance to be materially different from future results or performance expressed or implied by such adjustments. See "*Risk Factors—Risks Related to Our Business and Industry—Run-Rate Adjusted EBITDA presented in this Offering Memorandum is based on estimates and assumptions in respect of certain adjustments which are subject to significant uncertainties.*"

Blended ARPU

Blended ARPU is calculated by diving the total revenue generated from monthly subscription payments during a period of time by the average number of subscribers during such period. We believe that Blended ARPU provides useful information concerning the appeal and usage patterns of service offerings and our performance in attracting and retaining high value Subscribers. Our Blended ARPU has been stable over the period under discussion.

	For the year ended March 31,			For the three months ended June 30,		For the twelve months ended June 30,
(in euro)	**2019**	**2020**	**2021**	**2020**	**2021**	**2021**
Blended ARPU	29.9	29.8	29.5	29.6	29.1	29.4

The decrease of our Blended ARPU between the year ended March 31, 2019 to the twelve months ended June 30, 2021 was primarily attributable to the growth of our customer base and the change in mix of our product offerings for B2B customers.

Key Statement of Profit and Loss and Comprehensive Income Items

Below is a summary description of the key elements of the line items of our statement of profit and loss and comprehensive income under IFRS.

Total revenue and other income includes (i) revenues generated from our wireless, wired and other services and (ii) other income, which mainly consists of deferred income for grants to be obtained for infrastructure investments covered by the MED.

Internal work capitalized includes insourced activities relating to network design and development of application software.

Purchases of materials and services primarily include the costs for marketing and sales, installation and maintenance, connectivity services, government licenses and concessions, bank fees, point of presence ("**POP**") and related costs, directors' fees, purchases of materials.

Personnel expenses includes personnel expenses related to wages and payroll, employee benefits and social charges.

Other operating costs primarily includes sector association membership fees, VAT on self-invoices for gifts, substitute tax.

Depreciation and amortization includes depreciation of property, plant and network equipment, right-of-use assets and amortization of intangible assets.

Impairment losses on non-current assets includes impairment of property, plant and equipment and impairment of intangible assets, mostly due to their technological obsolescence.

Impairment losses on trade receivables and other financial assets. includes accruals for credit losses.

Net financial expenses. includes interest expense on loans, leases and exchange losses.

Income tax. comprised of current income tax benefits or expenses and deferred tax benefits or expenses.

Results of Operations

The following tables set forth, for the periods indicated, amounts relating to our results of operations, and the changes over period per line item of our statement of profit and loss and comprehensive income:

	For the years ended March 31,						
	2019	**change**	**% change**	**2020**	**change**	**% change**	**2021**
			(millions of €, except percentages)				
Revenue	124.7	31.5	25.3%	156.2	31.2	20.0%	187.4
Other income	5.1	(0.7)	(14.4)%	4.4	–	–	4.4
Total revenue and other income	**129.8**	**30.8**	**23.7%**	**160.6**	**31.2**	**19.5%**	**191.9**
Internal work capitalized	0.4	2.0	500.0%	2.4	0.7	29.2%	3.1
Purchases of materials and services	(48.9)	(11)	22.3%	(59.9)	(16.7)	28.0%	(76.6)
Personnel expenses	(19.4)	(3.3)	17.0%	(22.7)	(16.2)	71.2%	(38.9)
Other operating costs	(1.1)	(1.0)	90.9%	(2.1)	0.4	(19.0)%	(1.7)
Depreciation and amortization	(54.7)	(13.2)	24.1%	(67.9)	(15.4)	22.7%	(83.3)
Impairment losses on non-current assets	(2.3)	0.9	(39.5)%	(1.4)	(0.1)	7.1%	(1.5)
Impairment losses on trade receivables and other financial assets	(1.5)	0.2	(13.3)%	(1.3)	(0.4)	30.8%	(1.7)
Operating profit/(loss)	**2.3**	**5.4**	**234.8%**	**7.7**	**(16.5)**	**(214.2)%**	**(8.8)**
Financial income	0.3	–	–	0.3	0.4	133.3%	0.7
Financial expenses	(5.1)	(0.2)	3.9%	(5.3)	(1.6)	30.2%	(6.9)
Net financial expenses	**(4.8)**	**(0.1)**	**2.7%**	**(4.9)**	**(1.3)**	**26.5%**	**(6.2)**
Profit/(loss) before tax	**(2.6)**	**5.4**	**207.7%**	**2.8**	**(17.8)**	**(635.7%)**	**(15.0)**
Income taxes	2.0	(1.6)	(80.3)%	0.4	4.4	1,100.0%	4.8
Profit (loss) for the year	**(0.5)**	**3.7**	**740.0%**	**3.2**	**(13.4)**	**(418.8%)**	**(10.2)**

	For the three months ended June 30,			
	2020	change	% change	2021
	(millions of €, except percentages)			
Revenue	44.1	6.7	15.2%	50.8
Other income	0.9	(0.2)	(22.2)%	0.7
Total revenue and other income	**45.0**	**6.5**	**14.4%**	**51.5**
Internal work capitalized	0.7	0.1	14.3%	0.8
Purchases of materials and services	(18.1)	(3.9)	(21.5%)	(22.0)
Personnel expenses	(6.1)	(2.2)	(36.1%)	(8.3)
Other operating costs	(0.3)	(0.6)	(200%)	(0.9)
Depreciation and amortization	(19.4)	(4.4)	(22.7%)	(23.8)
Impairment losses on non-current assets	(0.2)	(0.8)	(400%)	(1.0)
Impairment losses on trade receivables and other financial assets	(0.3)	(0.1)	(33.3%)	(0.4)
Operating profit/(loss)	**1.3**	**(5.4)**	**(415.4%)**	**(4.1)**
Financial income	0.1	0.2	200.0%	0.3
Financial expenses	(1.7)	0.1	5.9%	(1.6)
Net financial expenses	**(1.6)**	**0.2**	**12.5%**	**(1.4)**
Profit/(loss) before tax	**(0.3)**	**(5.2)**	**(17.4%)**	**(5.5)**
Income taxes	0.6	0.5	83.3%	1.1
Profit (loss) for the period	**0.3**	**(4.7)**	**(1566.7%)**	**(4.4)**

Three months ended June 30, 2021 compared to the three months ended June 30, 2020

Total revenue and other income. Total revenue and other income increased by €6.5 million, or 14.4%, to €51.5 million for the three months ended June 30, 2021 from €45.0 million for the three months ended June 30, 2020. This increase was primarily due to the increase in revenues for growth of our customer base. We recorded a total net subscriber increase of approximately 74,000, or 15%, from approximately 494,000 as of June 30, 2020 to 568,000 as of June 30, 2021 based on our ability to attract new customers, though our Blended Churn Rate increased from 2.8% to 3.5%, largely due to network saturation due to the high level of traffic caused by the COVID-19 pandemic. In addition to the growth in the subscriber base, we also recorded an increase in the percentage of customers that pay for EOLO Wave G (which is based on the licensed 28 GHz spectrum) as compared to EOLO Wave (which is based on the unlicensed 5 GHz spectrum) which represented 23% and 76% of subscribers as of June 30, 2021, respectively as compared to 14% and 85% as of June 30, 2020, respectively. In particular, wireless services revenue increased by 15.1% in the three months ended June 30, 2021 as compared to the three months ended June 30, 2020.

The following table sets forth a breakdown of our revenue by principal service line for the periods indicated.

	For the three months ended June 30,		
	2020	2021	% change
	(millions of €, except percentages)		
Wireless	43.9	50.5	15.1%
Wired	0.1	0.2	100.0%
Other services	0.1	0.1	0.0%
Revenue	**44.1**	**50.8**	**15.2%**

Other income decreased by €0.2 million, or 22.2%, to €0.7 million for the three months ended June 30, 2021 from €0.9 million for the three months ended June 30, 2020.

Internal work capitalized. Internal work capitalized increased by €0.1 million, or 14.3%, to €0.8 million for the three months ended June 30, 2021 from €0.7 million for the three months ended June 30, 2020. For the three months ended June 30, 2021, we recorded €0.5 million related to network design and €0.3 million related to the development of software, whereas for the three months ended June 30, 2020, we recorded €0.3 million related to network design and €0.4 million related to the development of software.

Purchases of materials and services. Purchases of materials and services increased by €3.9 million, or 21.5%, to €22.0 million for the three months ended June 30, 2021 from €18.1 million for the three months ended June 30, 2020. This increase was in line with the increase in our subscriber base and revenue. Within purchases of materials and services, the largest single components related to marketing and sales (6.1% increase in the three months ended June 30, 2021 as compared to the 2020 period primarily due to new advertising campaigns during the quarter) and installation and maintenance (44.8% increase in 2021 as compared to 2020), due to higher cost for maintenance of the infrastructure (BTS, core network and software) and for installation and collection of used CPEs. As a percentage of total revenue and other income, purchases of materials and services increased to 42.0% for the three months ended June 30, 2021 from 40.2% for the three months ended June 30, 2020.

The following table sets forth the breakdown of our purchases of materials and services for the three months ended June 30, 2020 and 2021.

	For the three months ended June 30,		
	2020	2021	% change
	(millions of €, except percentages)		
Marketing and sales	8.1	8.6	6.1%
Installation and maintenance	3.1	4.5	44.8%
Other	2.1	3.9	86.0%
Connectivity services	2.4	2.3	(6.3)%
Licenses and Ministerial concessions	0.9	1.4	55.6%
Bank fees	0.6	0.5	(17.0)%
Point of presence (POP) and related costs	0.4	0.5	25.0%
Directors' fees	0.3	0.3	0.0%
Materials	0.3	0.2	(33.3)%
Purchases of materials and services	**18.1**	**22.0**	**21.5%**

Personnel expenses. Personnel expenses increased by €2.2 million, or 36.1%, to €8.3 million for the three months ended June 30, 2021 from €6.1 million for the three months ended June 30, 2020. This increase in personnel costs for the three months ended June 30, 2021 is due to an overall increase in wages and payroll, employee benefits and social charges due to an increase in headcount and the LTIP accrual based on the fair value assessment carried out in 2021 (and this amount was not paid at period end). As a percentage of total revenue and other income, personnel costs increased to 15.8% for the three months ended June 30, 2021 from 13.6% for the three months ended June 30, 2020.

The following table sets forth the breakdown of our personnel expenses for the three months ended June 30, 2020 and 2021.

	For the three months ended June 30,		
	2020	2021	% change
	(millions of €, except percentages)		
Wages and payroll	4.3	5.0	16.3%
Employee benefits	0.5	1.8	260.0%
Social charges	1.3	1.5	15.4%
Personnel expenses	**6.1**	**8.3**	**36.1%**

Other operating costs. Other operating costs increased by €0.6 million, to €0.9 million for the three months ended June 30, 2021 from €0.3 million for the three months ended June 30, 2020. These operating costs primarily include contingent liabilities of €0.7 million, primarily relating to costs incurred in previous years, membership of trade associations of €0.1 million and VAT on self-invoices for giveaways of €0.1 million. As a percentage of total revenue and other income, other operating costs increased to 1.7% for the three months ended June 30, 2021 from 0.7% for the three months ended June 30, 2020.

Depreciation and amortization. Depreciation and amortization increased by €4.4 million, or 22.7%, to €23.8 million for the three months ended June 30, 2021 from €19.4 million for the three months ended June 30, 2020, primarily due to the increased investments in property, plant and equipment and intangible assets made during the fiscal year ended March 31, 2021. Depreciation and amortization for the three months ended June 30, 2021 primarily consists of property, plant and equipment, right-of-use assets (related to hosting leases and leases of property) and intangible assets (related to software and licenses). As a percentage of total revenue and other income, depreciation and amortization increased to 45.4% for the three months ended June 30, 2021 from 43.1% for the three months ended June 30, 2020.

Impairment losses on non-current assets. Impairment losses on non-current assets increased by €0.8 million, to €1.0 million for the three months ended June 30, 2021 from €0.2 million for the three months ended June 30, 2020, primarily due to technological obsolescence.

Impairment losses on trade receivables and other financial assets. Impairment losses on trade receivables and other financial assets increased by €0.1 million, or 33.3%, to €0.4 million for the three months ended June 30, 2021 as compared to €0.3 million for the three months ended June 30, 2020, primarily due to an impairment provision of € 5.2 million related to trade receivables as of June 30, 2021 (as compared to €4.8 million as of March 31, 2021) based on our management's quantitative and qualitative analysis of the recoverability of trade receivables. As a percentage of total revenue and other income, impairment losses on trade receivables and other financial assets were stable at 0.8% for the three months ended June 30, 2021 and 0.7% for the three months ended June 30, 2020.

Net financial expenses. Net financial expenses decreased by €0.2 million, or 12.5%, to €1.4 million for the three months ended June 30, 2021 from €1.6 million for the three months ended June 30, 2020. This change was primarily attributable to an increase in exchange rate gains and a reduction in interest expenses on leases. As a percentage of total revenue and other income, Net financial expenses decreased to 2.7% for the three months ended June 30, 2021 from 3.6% for the three months ended June 30, 2020.

Profit/(loss) for the period. Net loss for the three months ended June 30, 2021 was €4.4 million as compared to a profit of €0.3 million for the three months ended June 30, 2020 due to a combination of the LTIP accrual based on the fair value assessment carried out in 2021 (and this amount was not paid at period end) and the other factors described above.

Year ended March 31, 2021 compared to the year ended March 31, 2020

Total revenue and other income. Total revenue and other income increased by €31.3 million, or 19.5%, to €191.9 million for the year ended March 31, 2021 from €160.6 million for the year ended March 31, 2020. This increase was primarily due to an increase in revenue for the growth of our customer base. We recorded a total net subscriber increase of 93 thousand, or 19.8%, from 469 thousand as of March 31, 2020 to 562 thousand as of March 31, 2021 based on our ability to attract new customers, though our Blended Churn Rate increased from 10.8% to 12.5%, largely due to the pandemic which led to belt tightening by consumers and businesses, though it remained lower than the Italian broadband market churn average of 24.2%. In addition to the growth in the subscriber base, we also recorded an increase in the percentage of customers that pay for EOLO Wave G (which is based on the licensed 28 GHz spectrum) as compared to EOLO Wave (which is based on the unlicensed 5 GHz spectrum) which represented 21% and 78% of subscribers as of March 31, 2021, respectively as compared to 12% and 87% as of March 31, 2020, respectively. In particular, Wireless services revenue increased by 20.3% in the year ended March 31, 2021 as compared to the year ended March 31, 2020.

The following table sets forth a breakdown of our revenue by principal service line for the periods indicated.

	For the year ended March 31,		
	2020	**2021**	**% change**
	(millions of €, except percentages)		
Wireless	155.0	186.4	20.3%
Wired	0.9	0.6	(33.3)%
Other services	0.3	0.4	33.3%
Revenue	**156.2**	**187.4**	**20.0%**

Other income was substantially unchanged at €4.4 million during both periods relate to deferred grants for infrastructure investment from the MED as well as R&D tax credits.

Internal work capitalized. Internal work capitalized increased by €0.7 million, or 29.2%, to €3.1 million for the year ended March 31, 2021 from €2.4 million for the year ended March 31, 2020. For the year ended March 31, 2021, we recorded €1.5 million related to network design and €1.6 million related to the development of software, whereas for the year ended March 31, 2020, we recorded €1.4 million related to network design and €1.0 million related to the development of software.

Purchases of materials and services. Purchases of materials and services increased by €16.7 million, or 28.0%, to €76.6 million for the year ended March 31, 2021 from €59.9 million for the year ended March 31, 2020. This increase was in line with the increase in subscriber base and revenue stated above. Within purchases of materials and services, the largest single components related to marketing and sales (+30.1% increase in 2021 as compared to 2020) and installation and maintenance (+55.7% increase in 2021 as compared to 2020), largely explained by a new marketing and media campaign in 2021 as well as increased maintenance activity due to higher usage of broadband during a work-from-home and lockdown environment. As a percentage of total revenue and other income, purchases of materials and services increased to 40.0% for the year ended March 31, 2021 from 37.3% for the year ended March 31, 2020.

The following table sets forth the breakdown of our purchases of materials and services for the years ended March 31, 2020 and 2021.

	For the year ended March 31, 2020	2021	% change
	(millions of €, except percentages)		
Marketing and sales	22.7	29.5	30.1%
Installation and maintenance	10.2	15.9	55,7%
Other	9.3	11.9	27.7%
Connectivity services	8.9	9.4	5.9%
Licenses and Ministerial concessions	3.5	4.5	28.7%
Bank fees	2.4	1.9	(22.5)%
Point of presence (POP) and related costs	1.3	1.6	21.5%
Directors' fees	0.8	1.1	45.4%
Materials	0.7	0.8	14.3%
Statutory auditors fees	0.1	0.1	–
Purchases of materials and services	**59.9**	**76.6**	**28.0%**

Personnel expenses. Personnel expenses increased by €16.2 million, or 71.2%, to €38.9 million for the year ended March 31, 2021 from €22.7 million for the year ended March 31, 2020 despite a relatively stable headcount of 473 as of March 31, 2021 from 455 as of March 31, 2020. This increase in personnel costs for the year ended March 31, 2021 is due to changes in the fair value of our Long-Term Incentive Plan (LTIP) which was established on September 1, 2018 for directors, managers and employees occupying senior roles in the business. This change in fair value is a non-cash effect. The LTIP provides for the payment of a bonus to the beneficiaries on the basis of which the actual compensation to be paid to each beneficiary is linked to a multiplier that is in turn correlated to the equity value of EOLO. For the March 31, 2021 fair value assessment, the EOLO's management took into consideration bonus payments that could be payable to LTIP beneficiaries as a result of the change of control of EOLO, and therefore the fair value of the liability recorded under IFRS increased by €14.3 million. As a percentage of total revenue and other income, personnel costs increased to 20.3% for the year ended March 31, 2021 from 14.1% for the year ended March 31, 2020.

The following table sets forth the breakdown of our personnel expenses for the years ended March 31, 2020 and 2021.

	For the year ended March 31,		
	2020	2021	% change
	(millions of €, except percentages)		
Wages and payroll	16.4	18.0	9.9%
Employee benefits	1.6	15.6	875%
Social charges	4.7	5.3	12.3%
Personnel expenses	**22.7**	**38.9**	**71.2%**

Other operating costs. Other operating costs decreased by €0.4 million, or 19.0%, to €1.7 million for the year ended March 31, 2021 from €2.1 million for the year ended March 31, 2020 mostly due to a decrease in sundry costs. As a percentage of total revenue and other income, other operating costs decreased to 0.9% for the year ended March 31, 2021 from 1.3% for the year ended March 31, 2020.

Depreciation and amortization. Depreciation and amortization increased by €15.4 million, or 22.7%, to €83.3 million for the year ended March 31, 2021 from €67.9 million for the year ended March 31, 2020, primarily due to the increased asset base as non-current assets increased from €286.2 million as of March 31, 2020 to €343.9 million as of March 31, 2021. Depreciation and amortization for the year ended March 31, 2021 primarily consists of property, plant and equipment, right-of-use assets (related to hosting leases and leases of property) and intangible assets (related to software and licenses). As a percentage of total revenue and other income, depreciation and amortization increased to 43.4% for the year ended March 31, 2021 from 42.3% for the year ended March 31, 2020.

Impairment losses on non-current assets. Impairment losses on non-current assets remained relatively unchanged at €1.5 million for the year ended March 31, 2021, compared to €1.4 million for the year ended March 31, 2020, largely due to the technological obsolescence of certain property, plant and equipment.

Impairment losses on trade receivables and other financial assets. Impairment losses on trade receivables and other financial assets increased by €0.4 million, or 30.8%, to €1.7 million for the year ended March 31, 2021 as compared to €1.3 million for the year ended March 31, 2020, primarily due to an impairment provision amounted to €4.8 million related to trade receivables as of March 31, 2021 (as compared to €3.2 million as of March 31, 2020) based on our management's quantitative and qualitative analysis of the recoverability of trade receivables. As a percentage of total revenue and other income, Impairment losses on trade receivables and other financial assets were stable at 0.9% for the year ended March 31, 2021 and 0.8% for the year ended March 31, 2020.

Net financial expenses. Net financial expenses increased by €1.3 million, or 26.5%, to €6.2 million for the year ended March 31, 2021 from €4.9 million for the year ended March 31, 2020. This change was primarily attributable to borrowings under our capex line, which we incurred to support infrastructure development and the increase in exchange losses. As a percentage of total revenue and other income, Net financial expenses were stable at 3.2% for the year ended March 31, 2021 and 3.1% for the year ended March 31, 2020.

Income tax gain. Income tax gain increased by €4.4 million to €4.8 million for the year ended March 31, 2021 from €0.4 million for the year ended March 31, 2020. This change was largely attributable to recognition of deferred tax timing differences. Our effective tax rate for the year ended March 31, 2021 was 14.6%, unchanged from the previous year.

Profit/(loss) for the period. Net loss for the year ended March 31, 2021 was €10.2 million as compared to a profit of €3.2 million for the year ended March 31, 2020 due to a combination of the €14.3 million increase in the accrual in respect of the potential award to senior management of one-off payments under the LTIP associated with the Acquisition and the factors described above.

Year ended March 31, 2020 compared to the year ended March 31, 2019

Total revenue and other income. Total revenue and other income increased by €30.8 million, or 23.7%, to €160.6 million for the year ended March 31, 2020 from €129.8 million for the year ended March 31, 2019. This increase was primarily due to an increase in revenue for the growth of our customer base. We recorded a total net subscriber increase of 89 thousand, or 19.0%, from 380 thousand as of March 31, 2019 to 469 thousand as of March 31, 2020 based on our ability to attract new customers and improve customer retention with a Blended Churn Rate of 10.8% for the year ended March 31, 2020 as compared to 11.8% for the year ended March 31, 2019. Growth of the subscriber base was recorded in all categories. In addition to the growth in the subscriber base, we also recorded an increase in the percentage of customers that pay for EOLO Wave G (which is based on the 28 GHz spectrum) as compared to EOLO Wave (which is based on the unlicensed 5 GHz spectrum), which increased to 12% and 87% as of March 31, 2020 as compared to 5% and 92% of March 31, 2019. In particular, Wireless services revenue increased by 26.4% in the year ended March 31, 2020 as compared to the year ended March 31, 2019 while Wired services decreased by 47.1% reflecting a preference for Wireless connectivity solutions.

The following table sets forth a breakdown of our revenue by principal service line for the periods indicated.

	For the year ended March 31,		
	2019	**2020**	**% change**
	(millions of €, except percentages)		
Wireless	122.7	155.0	26.4%
Wired	1.7	0.9	(47.1)%
Other services	0.3	0.3	–
Revenue	**124.7**	**156.2**	**25.3%**

Other income was €4.4 million for the year ended March 31, 2020 as compared to €5.1 million for the year ended March 31, 2019 and consisted of grants for infrastructure investments from the Ministry of Economic Development and R&D credits.

Internal work capitalized. Internal work capitalized increased by €2.0 million to €2.4 million for the year ended March 31, 2020 from €0.4 million for the year ended March 31, 2019. For the year ended March 31, 2020, we recorded €1.4 million related to network design and €1.0 million related to the development of software, whereas for the year ended March 31, 2019, we recorded €0.4 million related to the development of software.

Purchases of materials and services. Purchases of materials and services increased by €11.0 million, or 22.4%, to €59.9 million for the year ended March 31, 2020 from €48.9 million for the year ended March 31, 2019. This increase was in line with the increase in subscriber base and revenue stated above. Within purchases of materials and services, the largest single components related to marketing and sales (+22.7% increase in 2020 as compared to 2019), installation and maintenance (+57.0% increase in 2020 as compared to 2019) and other costs (+9.6% increase in 2020 as compared to 2019), largely explained by a new marketing and media campaign in 2020 and increased sales commissions to our sales staff. As a percentage of total revenue and other income, purchases of materials and services were stable at 37.3% for the year ended March 31, 2020 and 37.7% for the year ended March 31, 2019.

The following table sets forth the breakdown of our purchases of materials and services for the years ended March 31, 2019 and 2020.

	For the year ended March 31, 2019	2020	% change
	(millions of €, except percentages)		
Marketing and sales	18.5	22.7	22.7%
Installation and maintenance	6.5	10.2	57.0%
Other	8.5	9.3	9.6%
Connectivity services	7.8	8.9	14.0%
Licenses and Ministerial concessions	3.2	3.5	9.4%
Bank fees	1.7	2.4	41.2%
Point of presence (POP) and related costs	0.8	1.3	62.5%
Directors' fees	0.8	0.8	–
Materials	1.2	0.7	(41.7)%
Statutory auditors fees	0.1	0.1	–
Purchases of materials and services	**48.9**	**59.9**	**22.4%**

Personnel expenses. Personnel expenses increased by €3.3 million, or 17.0%, to €22.7 million for the year ended March 31, 2020 from €19.4 million for the year ended March 31, 2019 as headcount increased to 455 as of March 31, 2020 from 385 as of March 31, 2019. This increase in personnel costs for the year ended March 31, 2020 is due to hires to support the growth of the business. As a percentage of total revenue and other income, personnel costs remained stable at 14.1% for the year ended March 31, 2020 from 15.0% for the year ended March 31, 2019.

The following table sets forth the breakdown of our personnel expenses for the years ended March 31, 2019 and 2020.

	For the year ended March 31,		
	2019	2020	% change
	(millions of €, except percentages)		
Wages and payroll	14.4	16.4	13.9%
Employee benefits	1.1	1.6	45.5%
Social charges	3.9	4.7	20.5%
Personnel expenses	**19.4**	**22.7**	**17.0%**

Other operating costs. Other operating costs increased by €1.0 million to €2.1 million for the year ended March 31, 2020 from €1.1 million for the year ended March 31, 2019 mostly due to an increase in sundry costs, including provisions for contingent liabilities. As a percentage of total revenue and other income, other operating costs increased to 1.3% for the year ended March 31, 2020 from 0.8% for the year ended March 31, 2019.

Depreciation and amortization. Depreciation and amortization increased by €13.2 million, or 24.1%, to €67.9 million for the year ended March 31, 2020 from €54.7 million for the year ended March 31, 2019, primarily due to depreciation of property, plant and equipment following the larger asset base. Depreciation for the year ended March 31, 2020 primarily consists of depreciation of property, plant and equipment, right-of-use assets (related to hosting leases and leases of property) and intangible assets (related to software and licenses). As a percentage of total revenue and other income, depreciation were stable at 42.3% for the year ended March 31, 2020 and 42.1% for the year ended March 31, 2019.

Impairment losses on non-current assets. Impairment losses on non-current assets decreased by €0.9 million, or 39.5%, to €1.4 million for the year ended March 31, 2020, compared to €2.3 million for the year ended March 31, 2019, largely due to the technological obsolescence of certain tangible fixed assets in 2019.

Impairment losses on trade receivables and other financial assets. Impairment losses on trade receivables and other financial assets decreased by €0.2 million, or 13.3%, to €1.3 million for the year ended March 31, 2020 as compared to €1.5 million for the year ended March 31, 2019, primarily due to an impairment provision amounted to €3.2 million related to trade receivables as of March 31, 2020 (as compared to €2.1 million as of March 31, 2019) based on our management's quantitative and qualitative analysis of the recoverability of trade receivables. As a percentage of total revenue and other income, Impairment losses on trade receivables and other financial assets decreased to 0.8% for the year ended March 31, 2020 from 1.2% for the year ended March 31, 2019.

Net financial expenses. Net financial expenses were stable at €4.9 million for the year ended March 31, 2020 and €4.8 million for the year ended March 31, 2019. As a percentage of total revenue and other income, Net financial expenses were stable at 3.2% for the year ended March 31, 2020 and 3.9% for the year ended March 31, 2019.

Income taxes. Income taxes decreased by €1.6 million, or 80.3%, to a gain of €0.4 million for the year ended March 31, 2020 from a gain of €2.0 million for the year ended March 31, 2019. This change was largely attributable to recognition of deferred tax losses. Our effective tax rate for the year ended March 31, 2020 was 14.6%, unchanged from the previous year.

Profit/(loss) for the period. Profit for the year ended March 31, 2020 was €3.2 million as compared to a net loss of €0.5 million for the year ended March 31, 2019 due to the factors described above.

Liquidity and Capital Resources

General

Our cash requirements consist mainly of the following:

- operating activities, including our working capital requirements;
- servicing our indebtedness;
- funding capital expenditures; and
- paying taxes.

Liquidity and capital resources before the Transactions

Our sources of liquidity and capital resources before the Transactions during the periods under review have consisted mainly of the following:

- cash generated from operating activities;
- our existing senior debt to be refinanced in connection with the Transaction; and
- bilateral working capital lines.

Liquidity and capital resources following the Transactions

Following the Transactions, we expect to have €375.0 million in aggregate principal amount of Notes outstanding, that the €125.0 million Revolving Credit Facility will be undrawn and to have €40.9 million in cash and cash equivalents. We will pay interest on the Notes quarterly in cash at an annual interest rate and on the dates as set forth on the cover of this Offering Memorandum. Interest will accrue from the Issue Date.

Following the Transactions, our primary sources of liquidity and capital resources are expected to consist of the following:

- cash generated from operating activities;
- injections from shareholders on the Acquisition Closing Date in connection with the Transactions;
- borrowings under the Revolving Credit Facility from time to time; and
- bilateral working capital lines.

The Indenture and the Revolving Credit Facility will contain incurrence covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to: incur additional indebtedness; pay dividends on or make distributions in respect of capital stock or make certain other restricted payments or investments; enter into agreements that restrict distributions from restricted subsidiaries; sell or otherwise dispose of assets, including capital stock of restricted subsidiaries; enter into transactions with affiliates; create or incur liens; and merge, consolidate or sell substantially all of our assets. These covenants will be subject to important exceptions and qualifications. See "*Description of the Notes—Certain Covenants*" and "*Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral*."

For more information regarding our indebtedness and cash service requirements on our indebtedness following the Refinancing, see "*Capitalization*" and "*Description of Certain Financing Arrangements*."

Cash Flows

The table below summarizes our cash flows for the years ended March 31, 2019, 2020 and 2021 and the three months ended June 30, 2020 and 2021.

	For the year ended March 31,			Three months ended June 30,	
(in € million)	**2019**	**2020**	**2021**	**2020**	**2021**
Net cash flows generated by operating activities	56.8	83.3	91.6	17.4	18.9
Net cash flows used in investing activities	(69.7)	(83.5)	(92.4)	(16.8)	(25.4)
Net cash flows from (used in) financing activities	17.7	25.6	(21.6)	(4.8)	5.8
Net increase (decrease) in cash and cash equivalents	4.8	25.4	(22.4)	(4.3)	(0.7)

Net cash flows generated by operating activities

Net cash flows generated by operating activities was €18.9 million for the three months ended June 30, 2021 as compared to net cash flow of €17.4 million for the three months ended June 30, 2020. This increase was principally related to an improvement in our cash generation.

Net cash flows generated by operating activities was €91.6 million for the year ended March 31, 2021 as compared to net cash flow of €83.3 million for the year ended March 31, 2020. This increase was principally attributable to an improvement in our cash generation.

Net cash flows generated by operating activities was €83.3 million for the year ended March 31, 2020 as compared to net cash flow of €56.8 million for the year ended March 31, 2019. This increase was principally related to an improvement in our cash generation.

Net cash flows used in investing activities

Net cash flows used in investing activities was €25.4 million for the three months ended June 30, 2021 as compared to €16.8 million for the three months ended June 30, 2020. This increase in cash outflow was principally attributable to an increase in acquisition of property, plant and equipment to support the expansion of the subscriber base related to acquisitions of customer premises equipment (CPE), installation and replacement and base transceiver station (BTS) backhauling infrastructure.

Net cash flows used in investing activities was €92.4 million for the year ended March 31, 2021 as compared to €83.5 million for the year ended March 31, 2020. This increase in cash outflow was principally an increase in acquisition of property, plant and equipment and acquisition of intangible assets.

Net cash flows used in investing activities was €83.5 million for the year ended March 31, 2020 as compared to €69.7 million for the year ended March 31, 2019. This increase in cash outflow was principally attributable to an increase in acquisition of property, plant and equipment and acquisition of intangible assets (i.e., costs for software and licenses and frequencies).

Net cash flows from (used in) financing activities

Net cash flows from (used in) financing activities was a cash inflow of €5.8 million for the three months ended June 30, 2021 as compared to the Net cash flows from (used in) financing activities which was a cash outflow of €4.8 million for the three months ended June 30, 2020. This net cash inflow in three months ended June 30, 2021 was primarily attributable to new facilities granted to support our capital expenditures.

Net cash flows from (used in) financing activities was a cash outflow of €21.6 million for the year ended March 31, 2021 as compared to a cash inflow of €25.6 million for the year ended March 31, 2020. This net cash outflow in 2021 was primarily attributable to an increase in the repaid financing.

Net cash flows from (used in) financing activities was a cash inflow of €25.6 million for the year ended March 31, 2020 as compared to a cash outflow of €17.7 million for the year ended March 31, 2019. This was primarily attributable to bank borrowings to support our capital expenditures.

Working Capital

We actively manage our working capital requirements to optimize and improve our capital efficiency.

Working Capital is defined as trade receivables, contract costs and other current liabilities less trade payables, contract liabilities and other current liabilities. Our Working Capital is structurally negative as retail customers are billed in advance on a bi-monthly basis while wholesalers are invoiced with a one month delay.

The table below sets forth our total Working Capital for the periods indicated.

	As of March 31,			As of June 30,	
	2019	**2020**	**2021**	**2020**	**2021**
			(millions of €)		
Trade receivables	9.8	9.4	10.6	10.2	10.2
Trade payables	(40.4)	(40.4)	(55.5)	(45.4)	(57.0)
Contract costs	4.6	9.8	14.0	10.5	13.5
Contract liabilities	(23.9)	(27.6)	(31.4)	(28.9)	(30.6)
Other current assets	11.4	8.9	12.2	7.4	10.7
Other current liabilities	(12.6)	(13.0)	(15.2)	(11.7)	(27.9)
Working Capital	**(51.0)**	**(53.0)**	**(65.3)**	**(57.9)**	**(81.1)**

During the periods under review, the following drove our total Working Capital:

- ***Trade receivables.*** The variations in trade receivables are primarily attributable to the growth of the subscriber base (and relate to wholesalers, business customers and retail customers) and, to a certain degree, overdue receivables.

- ***Trade payables.*** Trade payables are generated in connection with our capital expenditure program. Typically we pay suppliers between 60 to 90 days. We typically hold a stock of CPEs in our warehouse pending their deployment, approximately three to six months' supply in order to fulfill new subscriber installation requests.

- ***Contract costs and liabilities.*** Contract costs are mainly composed of sales commissions and installation of re-used CPE from churned customers, which according to IFRS, are deferred over a two-year period. Contract liabilities mainly include activation fees charged to customers and reversed in the statement of profit and loss and comprehensive income over a two-year period and connectivity services charged in advance to customers. Contract liabilities increased less than proportionally than revenues over the periods under review as the portion of customers paying one year in advance is progressively falling (currently, and in line with the trend of the sector, customers are largely paying two months in advance).

- ***Other current assets and other current liabilities.*** Other assets include prepaid expenses, personnel-related liabilities, tax balances and have remained relatively stable over the periods under review, excluding the reduction of grants to be collected from Infratel (a division of the Ministry of Economic Development) as a contribution for the development of a FWA network in certain Italian regions and the corresponding reduction of the deferred income for such grants that is reversed in the statement of profit and loss and comprehensive income over the depreciation period of the related investments.

Total Capital Expenditures and Adjusted Capital Expenditures

The following sets forth our Total Capital Expenditure.

(in € million)	Year ended March 31, 2019	2020	2021	Three months ended June 30, 2020	2021
Acquisitions of intangible assets	5.3	6.7	11.1	2.5	5.2
Acquisitions of property, plant and equipment	75.5	71.4	92.0	23.6	24.2
Total Capital Expenditures	**80.8**	**78.1**	**103.1**	**26.1**	**29.4**

During the periods under review, the following drove our capital expenditures:

- ***Acquisitions of intangible assets.*** The variations in acquisitions of intangible assets largely corresponds to acquisitions and development of software and licenses for the management of products and processes within our business.

- ***Acquisition of property, plant and equipment.*** The variations in acquisitions of property, plant and equipment can be divided into three principal components: (i) network plant and machinery related to the purchases of radios, antennae, servers and other networking equipment we use to build our network infrastructure as well as personnel expenses related to employees who carry out the design of network infrastructure, (ii) network assets on loan for use corresponding to CPEs provided to connect customer premises to our network and (iii) tangible fixed assets in progress and down payments corresponding to CPEs that we have purchased to support the development of our infrastructure network and which will be installed at customer premises.

In addition, management tracks and reports Adjusted Capital Expenditures which consist of capital expenditures recorded under IFRS as above, plus certain operating expenditure related to CPEs which cannot, due to IFRS rules, be capitalized as they do not relate to the acquisition and installation of new CPEs but rather installation and refurbishment-related expenditure related to CPEs from churned customers that are redeployed for new customers. This presentation of our Adjusted Capital Expenditures, which differ from the one above presented under IFRS, are designed to provide investors with additional granularity regarding expenditures by asset class and purpose, meaning the main cost items relevant to our business, (i) fiber, (ii) BTS, (iii) CPEs, (iv) installation and (v) other, corresponding to sundry expenditure and by purpose (i) growth and (ii) CCB. See "*Summary Historical and Certain Other Financial Data—Other Financial Information and As Adjusted Data.*"

The table below sets forth our Adjusted Capital Expenditures by Asset Class for the periods indicated.

	For the year ended March 31, 2019	2020	2021	For the three months ended June 30, 2020	2021
		(millions of €)			
Fiber[1] Adjusted Capital Expenditures	2.5	5.4	7.3	–	3.7
BTS[2] Adjusted Capital Expenditures	30.6	25.1	25.5	8.8	10.7
CPEs[3] Adjusted Capital Expenditures	29.6	33.3	49.8	10.7	10.6
Installation[4] Adjusted Capital Expenditures	14.0	17.8	22.9	5.4	4.9
Other[5] Adjusted Capital Expenditures	11.9	10.2	17.2	3.9	6.4
Adjusted Capital Expenditures by Asset Class	**88.7**	**91.8**	**122.8**	**28.9**	**36.2**

(1) Fiber Adjusted Capital Expenditures relate to investments in fiber backhauling.

(2) BTS Adjusted Capital Expenditures relate to maintenance and expansion capital expenditures for BTS.

(3) CPEs Adjusted Capital Expenditures relate to hardware costs for new customer acquisition and upgrade of existing CPEs.

(4) Installation Adjusted Capital Expenditures relate to CPE installation costs for new customer acquisition and collection and relocation of CPEs from churned customers.

(5) Other Adjusted Capital Expenditures relate to investments in software core network and data center.

The table below sets forth our Adjusted Capital Expenditures by Purpose for the periods indicated.

	For the year ended March 31,			For the three months ended June 30,	
	2019	2020	2021	2020	2021
		(millions of €)			
Growth[(1)] Adjusted Capital Expenditures	55.9	59.0	76.6	16.0	14.2
CCB[(2)] Adjusted Capital Expenditures	32.8	32.8	46.2	12.9	22.0
Adjusted Capital Expenditures by Purpose	**88.7**	**91.8**	**122.8**	**28.9**	**36.2**

(1) Growth Adjusted Capital Expenditures are aimed at expanding our customer base and network coverage and increasing our data capacity. They relate to:

a) CPEs which are installed only after the execution of a new contract with the client. If the client decides to terminate the contract, we charge a penalty to retrieve CPEs from a customer's premises. The amount only includes capital expenditures invested for successful installations;

b) BTS which are spent only after a network planning process has been established; and

c) Increase data capacity.

(2) Current Customer Base ("**CCB**") Adjusted Capital Expenditures relate to investments aimed at preserving our current customer base (*e.g.* maintenance, network upgrading and subscriber base upselling toward 28GHz spectrum) and replacing churned customers with new activations.

As a result of the factors discussed above under "*—Results of Operations—Three months ended June 30, 2021 compared to the three months June 30, 2020*," our Cash Available for Debt Service (pre-growth) decreased from €14.1 million for the three months ended June 30, 2020 to €2.4 million for the three months ended June 30, 2021. The decrease of our Cash Available for Debt Service (pre-growth) was mainly driven by:

- *Post COVID-19 effect*: in the three months ended June 30, 2020, we experienced significant subscriber growth driven by lockdown measures and increased demand of connectivity for smart working, distance learning and TV streaming, with relatively low advertising and marketing spend during such period. However, during the three months ended June 30, 2021, we recorded lower customer additions on the back of a temporarily stagnant market as a result of the gradual loosening of lockdown restrictions in Italy. This resulted in slower relative growth in total revenues and other income and Adjusted EBITDA. The entire Italian BB market recorded lower subscriber growth during this period in 2021. By way of example, during the three months ended December 31, 2020 and the three months ended March 31, 2021, subscriber net adds (i.e., the number of new subscribers *minus* churned customers) for the Italian BB market (only including TIM, Fastweb, Vodafone and EOLO) were 201,000 and 173,000 respectively, compared to 53,000 in the three months ended June 30, 2021.

- *Adjusted Capital Expenditures*: during the three months ended June 30, 2021, we incurred a higher amount of Adjusted Capital Expenditures compared to the same period in the prior year (€36.2 million compared to €28.9 million). This increase was driven by (a) investments aimed at improving our network infrastructure, mainly as a result of the agreement signed in 2021 with Open Fiber to secure an additional 1,000 FTTA links; and (b) investments in BTS and CPE to increase our capacity and warehouse inventory in anticipation of the school re-opening in the fall as we typically do each year, other than in respect of the three months ended June 30, 2020, when the supply chain delays caused by COVID-19 led us to delay these investments. Our CCB Adjusted Capital Expenditures increased from €12.9 million for the three months ended June 30, 2020 to €22.0 million for the three months ended June 30, 2021 due primarily to the allocation to CCB of the majority of the previously mentioned acceleration in network improvement and warehouse build up and because we had a larger customer base compared to the same period in the prior year. Our Growth Adjusted Capital Expenditures on the other hand decreased for the three months ended June 30, 2021 from €16.0 million to €14.2 million due to the lower net adds (7,300 for the three months ended June 30, 2021 compared to 25,500), which partially offset by the aforementioned investments in capacity expansion.

We expect that these effects on our cashflow generation and composition of CCB Adjusted Capital Expenditures versus Growth Adjusted Capital Expenditures will normalize during the rest of the year ended March 31, 2022 following an expected increase in new subscriptions as we typically experience during the school re-opening season and the gradual utilization of the additional capacity built during the three months ended June 30, 2021. See "*Forward-looking Statements.*"

More generally, we expect our Adjusted Capital Expenditures for the year ending March 31, 2022 to be consistent with the year ended March 31, 2021. See “*Forward-looking Statements*.”

Contractual Obligations

As of June 30, 2021, EOLO had bank loans and borrowings and other financial liabilities in the amount of €133.9 million, of which €101.2 million related to non-current loans and borrowing and €32.7 million related to current loans, borrowings and other financial liabilities. See “*Use of Proceeds*” and “*Capitalization*” for more information on the Refinancing.

As of June 30, 2021, on as adjusted basis after giving effect to the Transactions, our main contractual obligations will be repayment of the Notes in 2028 and the Revolving Credit Facility which will mature six months prior to the maturity of the Notes offered hereby. We will also have to make regular lease payments and make scheduled payments on bilateral lines.

Off-Balance Sheet Commitments

Other than off-balance sheet bank guarantees amounting to €6.3 million as of March 31, 2021, the majority of which relates to a guarantee in favor of Intracom S.A. (a key supplier) for the acquisition of radio antennae, we have no significant off-balance sheet commitments.

Quantitative and Qualitative Disclosure about Market Risks

The following presents a brief discussion of market risks inherent in our business.

Credit Risk

We are subject to exposure to potential losses resulting from a default by subscribers, especially with respect to our retail customers who comprise the majority of our subscribers. Credit risk is not concentrated given the diffuse subscriber base and our presence in various regions of Italy. Trade receivable balances are monitored on a continuous basis and our exposure to bad debt has not been significant for the periods under review and appropriate allowances are made for doubtful accounts.

The following table sets forth the accounting value of our trade receivables as of the dates indicated.

	As of March 31,		
	2019	2020	2021
	(millions of €)		
Current	4.8	5.5	6.4
Past due 0-60 days	3.1	1.8	2.1
Past due 61-180 days	0.9	0.7	1.0
Past due 181-360 days	1.4	1.2	0.9
Past due > 360 days	1.7	3.3	4.9
Balance at the end of the year	**11.9**	**12.5**	**15.3**

Our agreements with customers permit us to cut service in the event of two months of non-payment, which reduces our credit risk. Most of our unpaid trade receivables are related to deactivation costs, namely penalties that customers are obliged to pay if they break their subscription contracts before the two-year commitment during which they benefitted from a discount (with the deactivation fee being equal to the difference between the regular price and the discount received). As our customer base increases, even with a relatively stable churn, unpaid trade receivables tend to increase in absolute terms, though unpaid trade receivables have not materially increased as a percentage of total trade receivables during the periods under review. We pursue collections of unpaid trade receivables through our internal credit recovery department and undue trade receivables are written off following five years of non-payment in accordance with the prescription requirements of the Italian Civil Code.

Liquidity Risk

Our financial liabilities mainly include borrowings and trade and other debts. These liabilities may expose us to liquidity risk in the event of early repayment or short maturity. Following the Transactions, in order to manage our liquidity risk, we intend to rely on cash generated from operating activities, bilateral working capital lines and the Revolving Credit Facility for an appropriate amount and maturity to ensure that we have adequate available funds to execute our business plan.

Interest Rate Risk

We are exposed to interest rate fluctuations as any drawings under the Revolving Credit Facility will bear interest rates at floating rates that could increase, increasing our debt service obligations thereunder. Borrowings under the Revolving Credit Facility will bear interest indexed to the Euro Interbank Offered Rate ("**EURIBOR**"), adjusted periodically, plus a margin. EURIBOR may increase significantly in the future, resulting in additional interest expense for us to the extent we draw down on the Revolving Credit Facility, reducing the free cash flow for investments and limiting our ability to service our indebtedness. Although we are not required to nor do we currently intend to enter into hedging derivatives with respect to the Revolving Credit Facility, we may elect to do so in the future.

Exchange Rate Risk

All of our operations are in Italy and therefore we have limited exchange rate risks as our revenue is exclusively generated in euro and most of our costs are incurred in euro. From time to time, we may purchase certain specialized equipment and procure services from non-Italian suppliers with contracts denominated in currencies other than the euro (primarily the U.S. dollar), but such purchases are not a significant component of our cost structure.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition, and results of operations are based upon our audited financial statements, which were prepared in accordance with International Financial Reporting Standards and related interpretations (SIC/IFRIC), endorsed by the European Union and in force at the reporting date, and the measures issued to implement article 9 of Legislative decree no. 38/2005. The preparation of this financial information requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities.

We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial information, therefore we consider these to be our critical accounting policies. Due to the uncertainty inherent in these matters, actual results could differ from the estimates we use in applying the critical accounting policies described below**.**

The areas that require significant estimates and judgements in the preparation of the financial statements are:

- identification of performance obligations and the term of contracts with customers, note *Revenue from contracts with customers*;
- the period of time over which the incremental costs to obtain a contract and to fulfil a contract are expensed, note *Revenue from contracts with customers;*
- the useful life of property, plant and equipment, note *Property, plant and equipment*;
- impairment losses on property, plant and equipment, note *Property, plant and equipment*;
- right-of-use assets, note *Leases*;
- the lease term depending on whether the company is reasonably certain it will exercise the extension option, note *Leases* ;
- the fair value of share-based payments, note *Share-based payments*;
- provisions and contingent liabilities, note *Provisions*.

Management checks the estimates and judgements regularly. They are based on past experience and other factors, including expectations about future events that could have an impact on EOLO's financial position and are considered reasonable in the circumstances.

Revenue from contracts with customers

EOLO applies IFRS 15 to recognize revenue from contracts with customers. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

IFRS 15 requires that revenue be recognized using a five-step model:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognize revenue when (or as) the entity satisfies a performance obligation.

Performance obligations and revenue recognition criteria

The process underlying EOLO's recognition of revenue in accordance with IFRS 15 is summarized below:

- the contract is identified when the parties approve the contract and identify their rights and obligations, *i.e.*, when the contract becomes legally binding;
- the duration of the contract with customer has been defined on the basis of the contract term agreed with the customer (mainly 24 months);
- EOLO has identified a single performance obligation for its connectivity services; it does not account for the performance obligations related to the other services provided with its connectivity services separately, as their separate accounting would not alter how it recognizes revenue;
- the transaction price is the amount of consideration in a contract with the customer, including any promotions, covering the entire contract term.
- EOLO allocates the transaction price to the performance obligation on the basis of the relative stand-alone selling price. Revenue from nonrefundable up-front activation fees, which do not constitute a separate performance obligation and do not convey a material right to customers, is deferred over the contract term;
- EOLO recognizes revenue over time as it satisfies the performance obligation. It usually invoices revenues and collects payment on a two-month basis in advance.

Contracts with non-business customers generally provide for advance payment, which is not considered a significant financing component given that advance payment is normal business practice and average payments are usually made over less than 12 months.

Incremental costs of obtaining a contract and costs to fulfil a contract

The incremental costs of obtaining a contract, comprising commissions paid to agents and brokers, are recognized in profit or loss over the contract term (24 months).

The costs to fulfil a contract, including the cost of subsequent installations after the initial installation of the radio transceiver at a new customer, are recognized over the contract term (24 months). The costs of initial installation are recognized in "Property, plant and equipment".

Should the contract be terminated, the incremental costs of obtaining the contract and the costs to fulfil it are expensed.

Property, plant and equipment

Initial recognition

Property, plant and equipment are recognized and measured at cost as established by IAS 16. Therefore, they are recognized at their purchase or production cost, including directly attributable costs and subsequently adjusted for accumulated depreciation, any accumulated impairment losses and/or reversals of impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Land is not depreciated, even when it is acquired together with a building. The gain or loss on the sale of property, plant, machinery, equipment or other assets is determined as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in profit or loss in the period of the derecognition.

Subsequent expenditure

Subsequent expenditure and the cost of replacing parts of some items of property, plant and equipment are added to the item's carrying amount and capitalized only if it is probable that the future economic benefits associated with the related item increase. All other costs are expensed when incurred.

When the cost of replacing parts of some items of property, plant and equipment is capitalized, the carrying amount of the parts that are replaced is expensed.

The cost of non-routine maintenance that extends the useful life of the item of property, plant and equipment is capitalized and depreciated over the item's useful economic life. The cost of routine maintenance is expensed when incurred.

Depreciation

Depreciation of an item of property, plant and equipment begins when it is available for use until the earlier of the date that asset is classified as held for sale (in accordance with IFRS 5) and the date that the asset is derecognized. Any changes to the depreciation pattern are applied prospectively. The depreciable amount is the item's carrying amount less its estimated disposal proceeds at the end of its useful life, if significant and reasonably determinable. Depreciation is calculated using rates that reflect the item's estimated useful life based on the company's plans which include its physical wear and tear and technological obsolescence and its estimated realizable value net of the scrapping costs. When an asset is composed of more than one significant part with different useful lives, each part is depreciated separately.

Depreciation is calculated on a systematic basis over the asset's estimated useful life using the following rates:

• Buildings	3%
• Network systems and equipment	10% - 20%
• Assets under free loan	20% - 50%

Assets under free loan include assets given to customers on a free loan basis to use EOLO's connectivity services and the cost of initially installing them. The cost of initially installing them has a useful life based on the related contract term (mainly 24 months), in case of early withdrawal of the contract the portion not yet depreciated is expensed

These assets continue to be classified as "Assets under construction and payments on account" until they are installed at the customer's premises/residence. After their installation, the cost is reclassified and depreciated.

Depreciation is also calculated on temporarily idle equipment.

When there is an indication of a possible impairment loss on an item of property, plant and equipment, *i.e.*, when there is a significant decrease in the asset's market value, significant technological changes or significant obsolescence, EOLO compares its carrying amount, regardless of the accumulated depreciation, to the present value of its future cash flows and impairs it where necessary. If the conditions for the recognition of the impairment loss are no longer valid in subsequent years, the loss is reversed up to the carrying amount the asset would have had (net of depreciation) had the impairment loss never been recognized.

Impairment losses on non-financial assets

When a non-financial asset shows indication of impairment at the reporting date, EOLO estimates its recoverable amount, defined as the higher of its value in use and fair value less costs to sell, applying the following definitions:

- Value in use: this is the present value of the future cash flows expected to be derived from an asset or cash-generating unit (CGU). Specifically, the asset will generate cash flows, which will be discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset. The cash flows are determined using internal business plans based on detailed budgets and calculations prepared separately for each asset/cash-generating unit. The budgets do not include the effects of non-recurring transactions (restructurings, sales and acquisitions) and cover a horizon of a maximum of five years.

- Fair value: the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. EOLO uses valuation models based on listed shares, market multiples and other available indicators.

Leases

IAS 36 does not require a formal estimate of the recoverable amount if there are no indicators of impairment. The exceptions to this rule are assets that are not yet available for use and goodwill acquired in a business combination, which must be tested for impairment at least once a year and whenever there is an indication of impairment.

When the carrying amount of a non-financial asset is impaired, EOLO recognizes a loss equal to the difference between the asset's carrying amount and its recoverable amount. In addition, at each year end, EOLO checks whether the reasons for recognizing an impairment loss (or reversal thereof) still exist and, if not, estimates the asset's recoverable amount. An impairment loss may be reversed, except in the case of goodwill, if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. A reversal of impairment losses may not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years. The reversal is recognized through profit or loss.

At the lease commencement date, EOLO recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially recognized at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. EOLO measures the lease liability at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, EOLO uses its incremental borrowing rate. It usually uses the latter rate. The lease liability is subsequently increased to reflect interest, reduced to reflect the lease payments made and remeasured if there is a change in future lease payments resulting from a change in an index or rate used to determine them, there is a change in the amounts expected to be payable under a residual value guarantee or when EOLO changes its assessment of an option to purchase the underlying asset, to extend the lease or terminate it.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

EOLO's leases that fall under the scope of IFRS 16 mostly relate to:

- physical space to place EOLO equipment for the reception and transmission of radio signals;
- multi-year rights to use fiber optic sections (dark fiber IRU);
- office buildings;
- company cars;
- data center equipment and other assets (canteen equipment).

EOLO elected not to recognize a right-of-use asset or lease liability for leases for which the underlying asset is of low value. Therefore, it recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

EOLO assesses whether a contract is, or contains, a lease under the new definition of IFRS 16, which establishes that a lease is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

It has elected to adopt the practical expedient for company car leases and not to separate non-lease components from lease components and, instead, to account for each lease component and any associated non-lease components as a single lease component.

EOLO recognizes a right-of-use asset and a lease liability for most of its leases in the statement of financial position. EOLO recognizes right-of-use assets that do not meet the definition of investment property in the specific “Right-of-use assets” caption and the related liability under “Lease liabilities” in the statement of financial position.

EOLO has estimated the lease term for leases which have an extension option. Its assessment of the reasonable certainty that it will exercise the option affects the estimate of the lease term and, especially, the carrying amount of the lease liability and the right-of-use asset. It measures the right-of-use asset considering the amount of the lease liability adjusted by any lease payments made at or before the date of initial recognition.

EOLO depreciates the right-of-use asset on a straight-line basis from the commencement date to the end of the lease term, unless the lease transfers title to the underlying asset at the end of the lease term or, given the cost of the right-of-use asset, EOLO expects to exercise the purchase option. In this case, EOLO depreciates the right-of-use asset over its useful life determined using the same criteria as per property, plant and equipment.

Any impairment losses on the right-of-use asset are determined and recognized in accordance with IAS 36—Impairment of assets.

Share-based payments

Cash-settled share-based payment plans are part of the remuneration package of the beneficiaries. Therefore, the cost is the fair value of the instruments recognized under “Personnel expenses” over the period from the award date to the settlement date, with an increase in the related liability.

EOLO remeasures the fair value of the liability at each reporting date and at the date of settlement with any changes in fair value recognized in profit or loss.

The cost of the liability is recognized using the same criteria for the liability set out above.

Provisions

EOLO recognizes a provision when it has a present obligation (legal or constructive) as a result of a past event that can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The discount rates do not reflect the risks for which future cash flows have been adjusted.

EOLO regularly reviews the provisions to reflect changes in the estimate of the costs, the payment/settlement timing and the discount rate. Changes in the estimates are recognized in the same caption of the statement of profit or loss and other comprehensive income as the provision or, when the liability relates to an item of property, plant and equipment, as a balancing entry to the related asset.

Provisions include accruals for future costs of ongoing disputes and the present value of the costs to be incurred to restore land used under lease.

Certain of the projections and information set forth in this section have been derived from external sources, including industry publications and surveys, industry reports prepared by consultants, internal surveys and third-party reports commissioned by us, as well as from customer feedback. The market data and industry data and forecasts provided below are based on the beliefs and estimates, internal company reports and diligence reports prepared by third parties in connection with the Acquisition. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information or the assumptions on which it is based cannot be guaranteed. 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. Certain information in this section has also been based on our own experience, internal studies, estimates and investigations of market conditions, in some cases combined with the aforementioned external sources. We cannot assure you that any of the assumptions we have made are accurate or correctly reflect our position in the market. The information and estimates in this section involve risks and uncertainty and are subject to change based on various factors. See "Risk Factors" and "Forward-Looking Statements". This industry section includes certain technical terms that are commonly used in our industry.

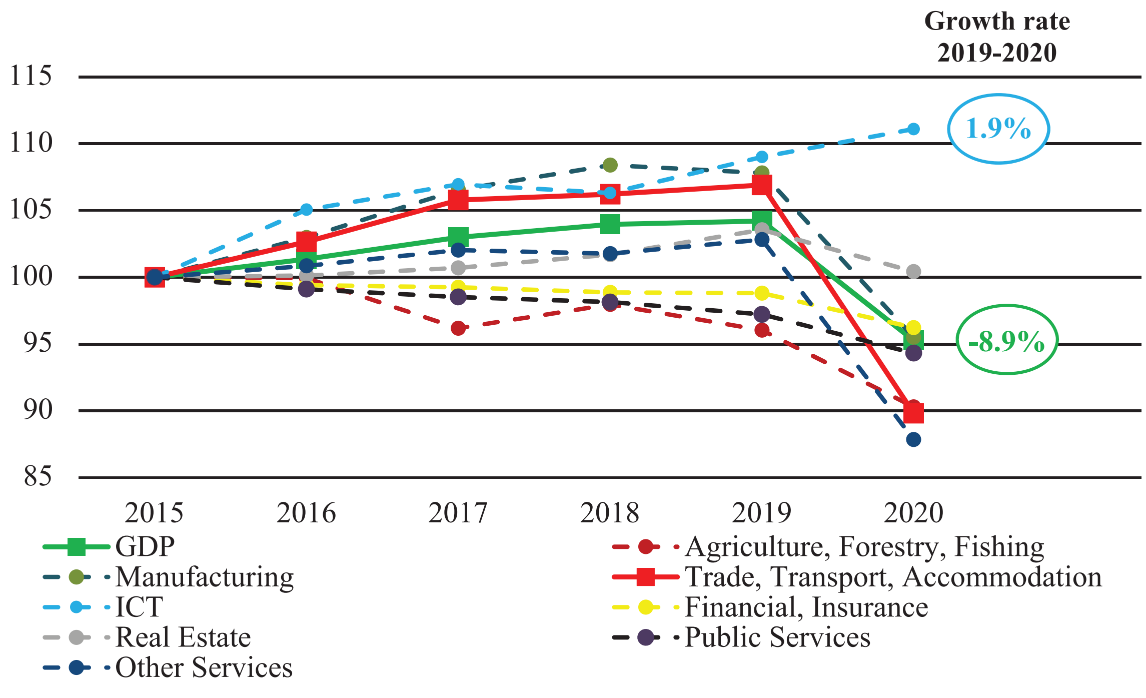
Italy—Key Economic Indicators

GDP trends

Italy is the fourth largest economy in Europe, with a gross domestic product ("**GDP**") equal to € 1,478 billion in 2020, ranking behind Germany (€2,847 billion), France (€ 2,074 billion) and the United Kingdom (€ 1,724 billion).

During the period between 2015 and 2019, Italy's GDP grew at a 2.0% CAGR, with the most important sectors in terms of growth over this period being (i) Trade, Transport & Accommodation, (ii) Manufacturing and (iii) ICT (*i.e.*, Information and Communications Technologies). In 2020, all of these sectors were heavily affected by the COVID-19 pandemic, with a GDP decrease of 8.9% compared to 2019, except for the ICT sector, which grew by 1.9%, affirming this sector's key role in driving the country's growth.

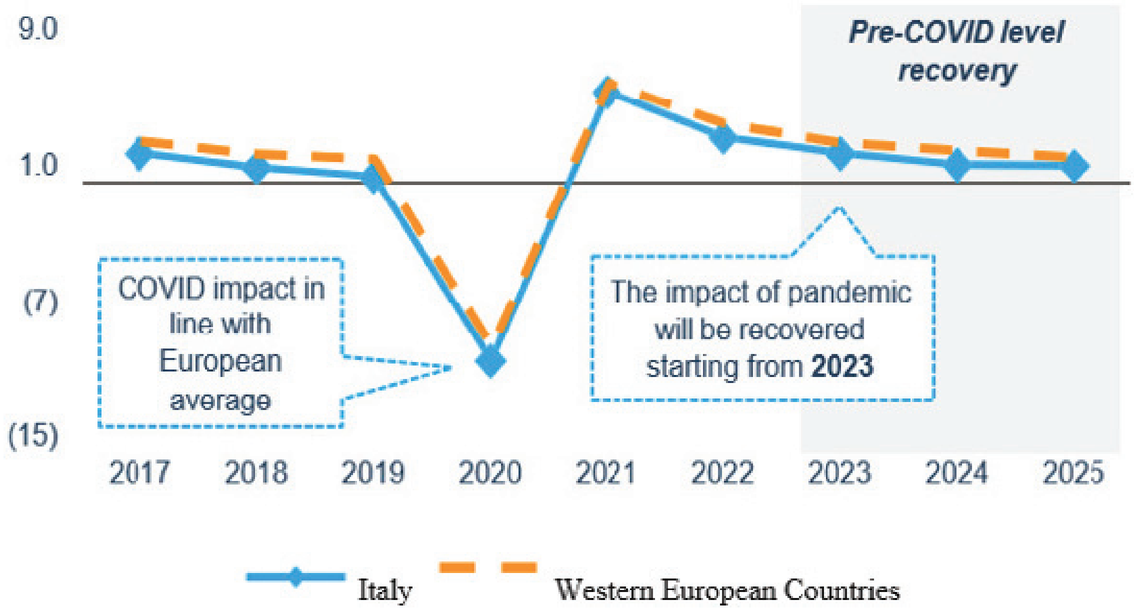
GDP Growth Related to Economic Sector 2015-2020 – Indexed at 100



Source: Istat

The COVID-19 pandemic's impact on the Italian economy in 2020 generally was in line with the European average. During the first six months of 2021, Italian GDP resumed growing to 7.7 % against the average for major Western European economies of 6.5% (France, Germany, Italy, Spain, and the United Kingdom), demonstrating its resilience. It is expected that the Italian economy will recover fully from the COVID-19 pandemic's impact by 2023 in terms of GDP.

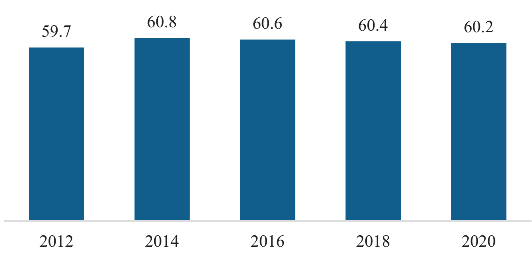
Western European Countries GDP Evolution 2017-2025 % Growth



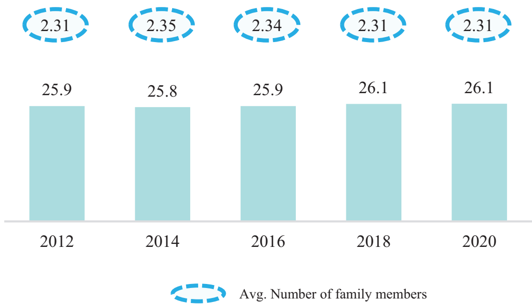
Population and Households

In 2020 Italy had approximately 59.6 million inhabitants and, despite a slight decrease in population since 2014, the number of households has increased as the number of members per family is declining due to ongoing social changes (*e.g.*, trends to live alone longer and marry later) and decline in birth rates.

Population in Italy 2010-2020 MM



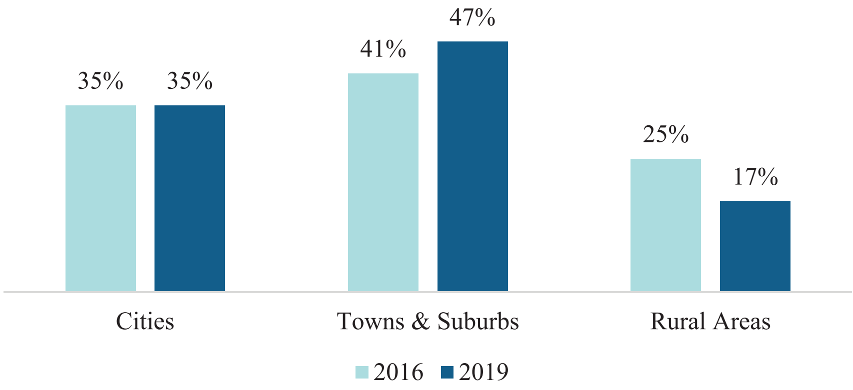
Households in Italy 2010-2020 MM



Source: Istat

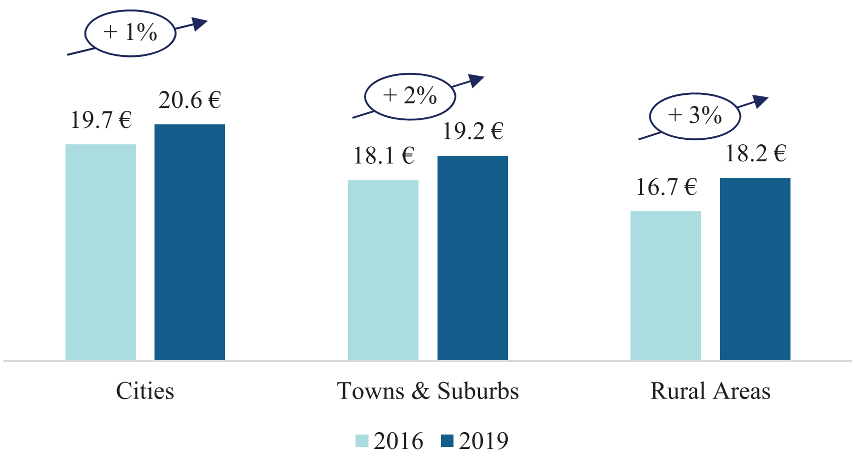
Despite the increase in number of households, the urbanization trend in Italy has not accelerated and the portion of the population living in cities has remained stable at 35% between 2016 and 2019. While there has been a decrease in the number of people living in rural areas, this has been compensated for by an increase in the number of citizens established in towns and suburbs (from 41% of the total population in 2016 to 47% in 2019). Between 2016 and 2019, the level of the average disposable income increased in rural and suburban areas: at a 3% CAGR in rural areas (from €16,700 to €18,200), 2% CAGR in towns and suburbs (from €18,100 to €19,200) and 1% CAGR in cities (from €19,700 to €20,600), confirming that the urbanization trend remained stable over the period from 2016-2019. Given the expected impact of the COVID-19 pandemic on social and work styles, it can be expected that some workers will seek to spend more time outside cities with the growing trend towards remote working.

Population breakdown by areas - % of total population



Source: Eurostat

Average Net Income Evolution - € k



Source: Eurostat

Italian Recovery and Resilience Plan ("RRP")

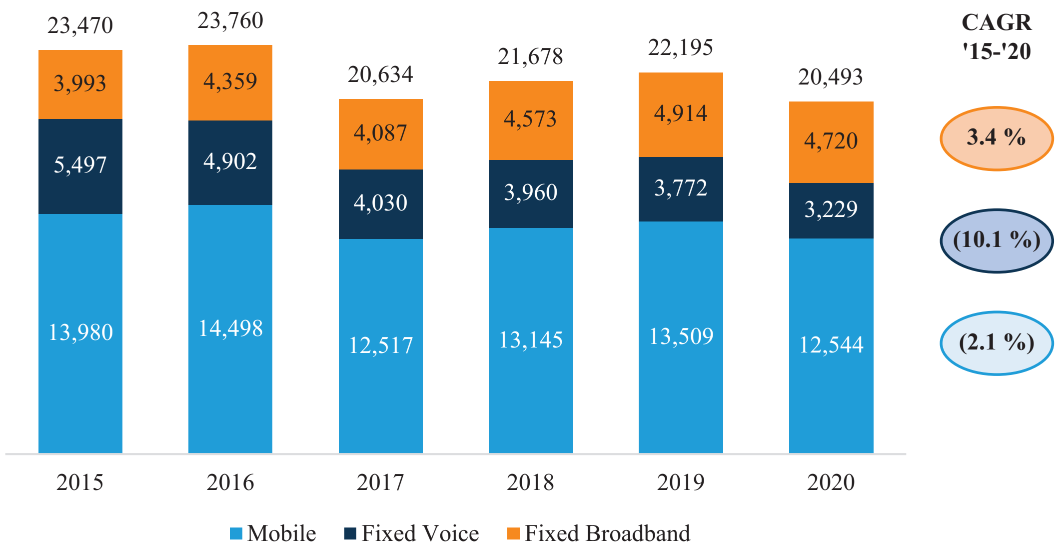
On July 13, 2021, the EU Council approved Italy's €191.5 billion Recovery and Resilience Plan (the "**RRP**"), which consists of €68.9 billion in grants and €122.6 billion in loans under the Recovery and Resilience Facility. The Italian government estimates that the RRP may boost GDP by 3.6% between 2021 and 2026.

Under the RRP, the Italian government allocated €40.32 billion to Mission 1 (Digitalization, Innovation, Competitiveness, Culture and Tourism), of which €23.89 billion was allocated to the sub-mission focused on Digitalization, Innovation and Competitiveness of the Productive System; within this sub-mission, €6.71 billion was allocated to investments in ultra-fast network (UBB and 5G). In particular, a large portion of these €6.71 billion was allocated to an initiative ("Italy 1 Gbps") with the objective to bring 1 Gbps connectivity to 8.5 million households and enterprises located in Grey and Black areas with the principle of technological neutrality by 2026. However, only Grey areas will be concretely involved, as Open Fiber and FiberCop have declared to cover Black areas. In Italy, FTTH and FWA are the only technologies eligible to accomplish the technological and performance requirement. As the FTTH roll out by Open Fiber has experienced significant delays, FWA could benefit from the expected plan to implement the "Italy 1 Gbps" initiative by 2026, thus making EOLO an eligible beneficiary. EOLO, the main FWA operator in the Grey and White areas, with its infrastructure network, leading technology and knowledge of these areas, could be successful in tenders for public funding under such initiative.

Italian Telecommunication and Broadband Markets

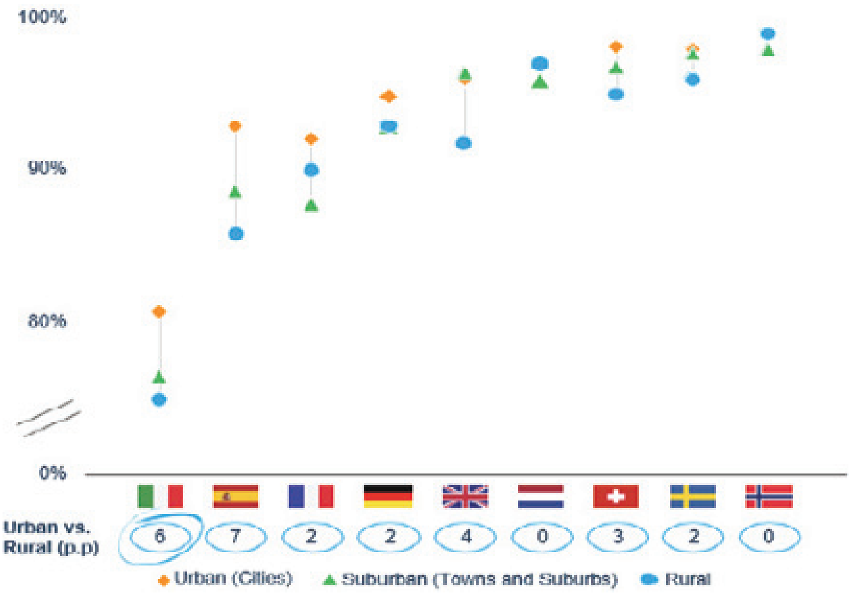
The Italian telecommunications services market is Europe's fourth largest, with annual service revenues (excluding pay-TV and OTT Video) of €20.5 billion in 2020, according to Ovum. Fixed-line service revenues accounted for €7.95 billion and comprise growing broadband revenues and declining voice revenues.

Italian Telecommunications Market: Revenue Development - € million



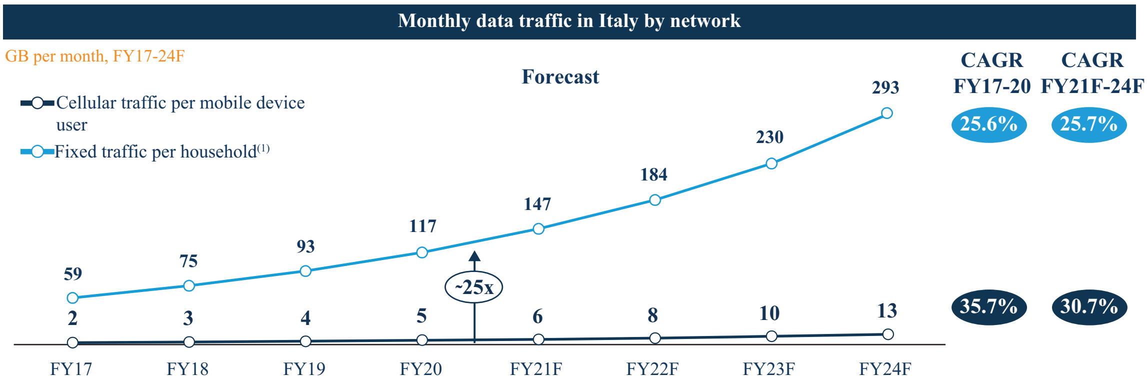
Broadband spending by Italian Households has been lower than in other European countries in absolute terms, with the average monthly broadband spending per HH of €22.5 in Italy in 2019, compared to a European average of €27.8. However, the Italian broadband spending level is in line with other European countries in terms of share of disposable income. Internet usage and cloud adoption levels in Italy are also lower than in other European countries with a significant gap between urban areas and suburban and rural areas. Supported by the RRP backed resources, Italy has announced plans to invest in ICT and digitalization to close the gap in internet usage.

Internet Usage by Degree of Urbanization 2019 - % of Area Population



Eurostat

Internet usage in Italy is expected to continue to grow, in part due to the trend of increasing data consumption. Secular trends, such as the increasing use of online shopping, online banking applications, video-on-demand as well as gaming and video activities, are expected to drive the growth in data traffic demand. The social distancing measures implemented during the COVID-19 pandemic lockdowns and the ensuing changes in work and life habits (such as remote working and use of virtual social interaction methods) have boosted the adoption and use of these online applications and shown the importance of the internet as the primary communication medium of choice.



(1) broadband access at fixed location, for one household. Technologies included are both wireline and wireless (FWA).

Data consumption occurs via either mobile or fixed connections, with the fixed connections accounting for the vast majority of data consumption. In 2020, for example, out of 24 EB (Exabyte) (or 25,769,803,776 GB) of total data traffic in Italy, 82% was accessed via fixed connections. Fixed data traffic per household is expected to continue growing at a CAGR of 25.7% over the period 2021 to 2024.

EU and Italian National UBB Plans

In 2010, the EU Commission issued the communication, the "Digital Agenda for Europe" (the "**DAE Communication**"), which set forth long-term EU strategies for broadband. The DAE set non-binding targets on broadband coverage and take-up to be achieved by 2020:

- 100% of EU citizens should have access to broadband coverage of 30 Mbps and above; and

  50% of EU households should have access to broadband speeds to 100 Mbps and above

In September 2016, the EU Commission issued the Communication, "Connectivity for a Competitive Digital Single Market—Towards a European Gigabit Society Gigabit Society" (the "**2016 Gigabit Society Communication**"), in which the following non-binding targets for the 2025 were set:

- connectivity of 1 Gbps (upload and download) for all socio-economic entities (*i.e.*, schools, businesses, public administration);
- connectivity of 100 Mbps download for all European households and businesses; and
- uninterrupted 5G coverage for all urban areas and major terrestrial transport routes (as an interim target, 5G should be commercially available in at least one major city in each EU Member State by 2020).

Italy has developed a National UBB Plan in line with the targets set forth in the 2016 Gigabit Society Communication with the aim of providing fast connectivity to all of its citizens. MED implements the measures set forth in the National UBB Plan through Infratel Italia (Infrastrutture e Telecomunicazioni per l'Italia S.p.A.). Infratel Italia is an "in-house" company of the MED and part of the Invitalia Group.

The main objectives of National UBB Plan include to guarantee coverage of at least 30 Mbps to all citizens and a minimum of 100 Mbps to 85% of the Italian population by 2020. In order to achieve the National UBB plan targets, Infratel deployed directly the UBB network in several Italian municipalities and launched three public tenders relating to the development of a network for UBB services in approximately 7,500 municipalities in 19 regions:

- in the first tender, Open Fiber was granted in 2017 all 5 lots in the 6 regions involved (Lombardy, Emilia-Romagna, Veneto, Tuscany, Abruzzo and Molise), consisting of around 3,000 municipalities;
- in the second tender, Open Fiber was granted in 2019 all 6 lots in the 10 regions involved (Piedmont, Valle d'Aosta, Liguria, Friuli Venezia Giulia, Marche, Umbria, Lazio, Campania, Basilicata and Sicily) and the Autonomous Province of Trento, approximately 3,700 municipalities; and,
- in the third tender, Open Fiber was granted in 2019 all 3 lots in the 3 regions involved (Puglia, Calabria and Sardinia), approximately 880 municipalities.

On March 9, 2021, the EU Commission published its "Digital Compass" strategy. The Digital Compass highlights the EU's focus on four areas:

- Digital Skills—By 2030, the EU aims for at least 80% of citizens to have basic digital skills, and for Europe to have 20 million ICT specialists;
- Secure and reliable digital infrastructure—The EU intends that gigabit connectivity and 5G should be widely available across Europe; Europe also aims to produce 20% of the world's semi-conductors;
- Digitalization of business—By 2030, the EU expects that three out of four EU companies should use cloud computing services, big data and Artificial Intelligence (AI); most SMEs should achieve a basic level of digitalization; and
- Digitalization of public services—By 2030, the EU aims to have all key public services available online; all citizens should have access to their e-medical records; and 80% of citizens should use an e-ID.

Italian Fixed Broadband Infrastructure

In the Italian market, fixed broadband services rely primarily on copper, fiber and wireless networks. In Italy, coaxial cable network infrastructure has not been developed.

Copper

Copper (xDSL) has the largest coverage in the Italian market, with 99.6% of Italian households covered, in line with the EU-5 average coverage of 99.0% (2019). The Italian telecommunications incumbent, Telecom Italia SpA ("TIM"), owns the majority of the nationwide copper (xDSL) network and offers broadband access to 16.6 million households, while having a direct retail market share of around 42.2%, or 7.8 million customers. TIM also offers another approximately 7.8 million wholesale accesses.

Fiber

The fiber network in Italy is still at an early stage with a coverage of only 30.4% of Italian households as compared to a European average of 41%. It is expected that Italy will reach a fiber coverage level similar to other European countries by 2030 or so. In Italy, the main operators of the fiber network include Open Fiber, FiberCop and Fastweb. Open Fiber was formed in December 2015 by Enel S.p.A. and CDP (*Cassa Depositi e Prestiti*, an Italian government investment fund) and secured financing of €7 billion with a target to connect 19 million Italian households with FTTH accesses by the end of 2020. As of the end of September 2020, Open Fiber passed 11.6 million homes with FTTH. Open Fiber is a pure wholesaler to telecommunications services providers such as Vodafone, Wind 3 and Tiscali. Open Fiber has been awarded the three tenders granted by Infratel for the creation of a UBB infrastructure for an overall White area coverage plan of approximately 8.4 million of property units (the coverage in the original plan was 9.5 million), of which 6.2 million of property units (the coverage in the original plan was 7.9 million) will be covered by FTTH and 2.2 million will be covered by FWA (the coverage in the original plan was 1.6 million). Since the awards of the three Infratel tenders, Open Fiber increased the FWA proportion to 26%. In addition, it is reported that Open Fiber has completed coverage of only 22.6% of the targeted FTTH municipalities and only 3.6% for FWA due to higher costs and longer deployment times than initially expected; the original announced plan was to achieve 100% coverage by December 2020.

FiberCop was formed by TIM in early 2021 and is owned by TIM (58%), KKR (37.5%) and Fastweb (4.5%). FiberCop operates TIM's secondary network (from the street cabinet to customers' homes) and the fiber network developed by FlashFiber, the joint venture between TIM (80%) and Fastweb (20%). FiberCop's announced aim is to become the largest infrastructure wholesaler in Italy, connecting 56% or 14 million of all technical units (residential or business sites which have had a fixed line connection in the last 10 years, corresponding to approximately 5 million occupied premises based on ISTAT) as of the end of 2025. See—*"Technologies used in the Italian FBB market—FTTC (Fiber-to-the-Cabinet)."* and *"Technologies used in the Italian FBB market—FTTH (Fiber-to-the-Home).*"

Fixed Wireless Access (FWA)

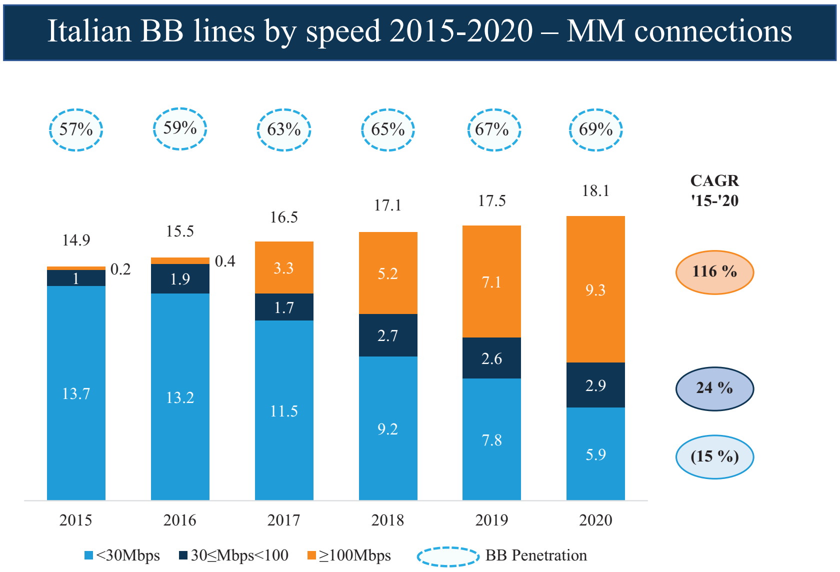
Fixed Wireless Access (FWA) technology uses a hybrid system composed of wired fiber-to-the-antenna and wireless access networks to offer fixed broadband and ultra-broadband services. FWA had a coverage of Italian Households of 72% in 2019 and the main operators of FWA networks in Italy are EOLO and Linkem.

EOLO owns, leases and operates a proprietary end-to-end FWA infrastructure network and also operates as a wholesaler, offering its excess capacity to other operators. It has recently signed a partnership agreement with Wind 3 and announced a memorandum of understanding with TIM to grow its wholesale offering. Other operators that offer their FWA network on a wholesale basis include OpenFiber and Linkem. However, EOLO is the main wholesale provider in its Target Addressable Market. See—*"Technologies used in the Italian FBB market—FWA (Fixed Wireless Access)."*

The Italian Fixed Broadband Market

Overview

The Italian fixed broadband ("**FBB**") market comprised 18.37 million active lines as of March 2021 and is characterized by continued growth and increasing demand for high-speed broadband internet services. Fixed broadband connections grew at a 4% CAGR (between 2015 and March 2021) with the natural demand evolution towards high-speed internet services resulting in strong penetration of ultra-broadband ("**UBB**") connections (30Mbps or higher speed) reaching approximately 67% of total lines as of March 2020 (as compared to 8% of total lines as of March 2015).



Source: AGCOM

The penetration of Italian FBB services as a percentage of total households has grown from 57% in 2015 to 69% in 2020, but the Italian FBB market remains underpenetrated as compared to a European average penetration of 87% in 2019. The penetration of FBB services varies across Italy, with suburban and rural areas showing lower penetration (between 56% and 60%) as compared to Black and Grey I Areas (between 66% and 81%), particularly for high-speed connections (100 Mbps or higher), which represent a smaller proportion of total subscriptions (less than 8%) as compared to a national average of 51.3% as of December 2020. The lower high-speed internet penetration in rural and suburban areas is partly due to the fact that these areas are serviced (in addition to FWA connections) through legacy ADSL and FTTC connections which have proven to be ineffective in delivering high-speed connections in areas with challenging topography and low population density. Italian current broadband penetration gap versus other European countries is expected to be offset in the next ten years, with FWA playing a crucial role where no FTTH coverage is expected.

The Italian territory has been divided into different areas, based upon the existing or expected future UBB technology competition in such areas, into Black, Grey (I and II) and White (I and II) areas.

BB Areas*	**Description**	**Households (HH)**
Black	• Areas in which at least two operators are serving or planning to deploy ultra-broadband infrastructure in the next 3 years	8.7 million
	• Most profitable areas where FiberCop and Open Fiber are already deploying FTTH infrastructure over all the territory	(33% of total)
Grey I	• Areas with at least one operator that has deployed or plans to deploy fiber infrastructure in the next 3 years allowing speeds >30Mbps, but market conditions are not sufficient for >100Mbps deployment	6.0 million
	• FiberCop is planning to deploy FTTH infrastructure in this area starting from 2023	(23% of total)
Grey II	• Areas with at least one operator that has deployed or plans to deploy infrastructures > 30Mbps in the next 3 years, but market conditions are not sufficient for >100 Mbps deployment	4.6 million
	• Grey 2 areas have been identified as areas where FiberCop will not deploy FTTH, but will be fully covered by FTTC infrastructure	(18% of total)
White I	• Market failure areas, where no operator has deployed UBB infrastructure	4.0 million
	• Open Fiber has won public tenders through which it accessed the funds necessary for the deployment of fiber	(15% of total)
White II	• Market failure areas, where no operator has deployed UBB infrastructure	2.9 million
	• Open Fiber has won public tenders through which it accessed the funds necessary for the deployment of FWA technology in ~50% of the White II areas. Moreover, the area will be almost fully covered by TIM's FTTC	(11% of total)

* Infratel Italia areas

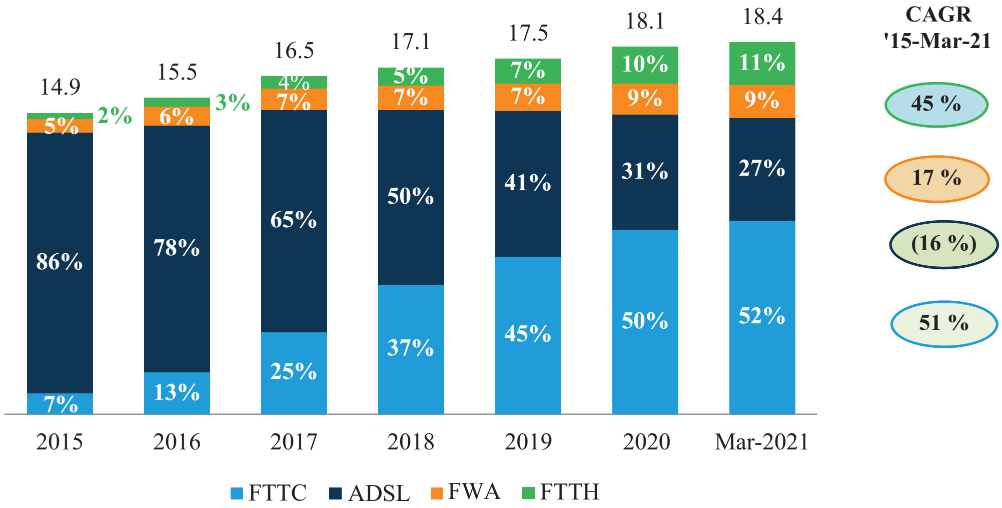
Source: Italian Strategy for the Ultrabroadband Report, TIM press release, Infratel databases

White and Grey II areas include primarily rural and suburban areas across Italy, with approximately 11.5 million households (representing 43.8% of total households) and represent EOLO's Target Addressable Market, while Grey II and White II areas (7.5 million households, representing 29% of total households) represent EOLO's core Target Addressable Market.

Technologies used in the Italian FBB market

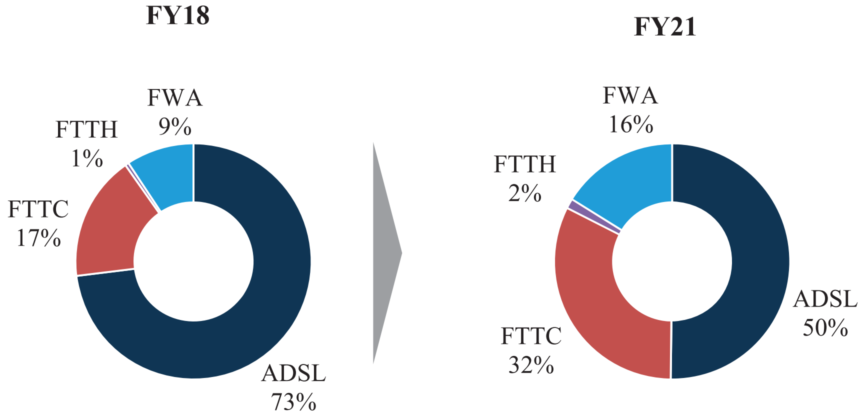
As there is no coaxial cable infrastructure in Italy, fixed internet broadband access is provided through ADSL, FTTC, FTTH and FWA technologies.

Fixed Broadband Lines in Italy by technology 2015-Mar-21 – MM



Source: AGCOM

Market share evolution of Fixed Broadband Lines by technology in EOLO's TAM



ADSL

DSL uses basic telephone infrastructure to access the internet. DSL technology leverages the fact that copper wires used in telephone networks have a much higher bandwidth (7 MHz) than that required for normal voice conversation (3.4 KHz). See—"*Italian Fixed Broadband Infrastructure—Copper*." DSL utilizes the extra bandwidth to provide broadband internet connections. The most commonly used variant of DSL is ADSL, which was designed on the basis that internet users normally receive or download significantly more information than they send or upload. ADSL connections normally have three to four times more bandwidth for downloading, providing download speeds of up to 30 Mbps with a latency of 10ms on average. However, as copper is a distance-sensitive medium, access speeds for DSL technology decrease substantially as the distance from DSL hubs increases.

Historically, ADSL was the predominant FBB distribution platform in Italy and accounted for 85.9% of FBB connections in 2015. However, the market share of ADSL has been consistently eroded by upgraded FTTC connections and, more recently, by better performing technologies, such as FTTH and FWA. This has resulted in a decline in ADSL market share to 27.3% as of March 2021.

FTTC (Fiber-to-the-Cabinet)

FTTC is a hybrid technology as it links the street cabinets with regional and national POPs as well as with data centers with fiber optic connections, while the so called "last mile" between the cabinet and the households/premises is linked through telephone network copper wires. FTTC allows internet speeds up to 100 Mbps.

However, the performance of FTTC is highly dependent on the length of the copper wire (*i.e.*, the distance between the house and the local hub/cabinet), with speeds decreasing to approximately 30Mbps for households located more than one kilometer from the nearest cabinet. The average latency (the time it takes to send data and receive a response) for FTTC is 5 milliseconds (ms) (as compared to 0 – 1 ms for FTTH and 1 ms for FWA).

TIM controls the majority of ADSL and FTTC coverage in Italy, with a small portion of such coverage held by Vodafone and Fastweb. Over the last few years, TIM focused its fixed network capital expenditures mainly on upgrading households from ADSL to FTTC, which led to a significant growth of FTTC's market share from 7.4% in 2015 to 52.4% as of March 2021 of Italian FBB connections. However, FTTC is expected to be gradually replaced by better performing new technologies such as FTTH and FWA.

The ADSL and FTTC legacy technologies are the dominant technologies in EOLO's Target Addressable Market, with market shares in 2020 of 39.3% and 50.0%, respectively, in Grey II areas, and 62.5% and 25.0%, respectively, in White II areas. In White I areas, FTTC is not deployed and ADSL had a 78.3% market share in 2020.

FTTH (Fiber-to-the-Home)

In Italy, FTTH is currently viewed as the leading broadband technology in terms of speed, latency and reliability. A FTTH connected house has a fiber optic cable between the cabinet and the regional and national POPs and data centers, and a fiber optic connection between the cabinet and the household/premise. FTTH connections provide speeds of up to 1Gbps (and faster), while the performance is not affected by the distance between the households and the cabinet. FTTH's latency is approximately 0-1ms on average. Due to its high deployment costs, rolling out FTTH technology is generally economically viable only in densely populated areas where it is possible to achieve economies of scale and is suboptimal in rural or even suburban areas. However, given political support (at both the EU and Italian government levels) for the FTTH rollout in Italy and the availability of public subsidies, FTTH is announced to be rolled out even in rural areas. However, it may be the case that the FTTH rollout in rural areas will be limited due to the Italian government's limited financial resources (despite the RRP) and Open Fiber's focus on more economically viable areas. As a result, FTTH, is not expected to be rolled out in Grey II and White II areas and is expected to be rolled out in White I areas from 2021. See—"*Italian Fixed Broadband Infrastructure—Fiber.*"

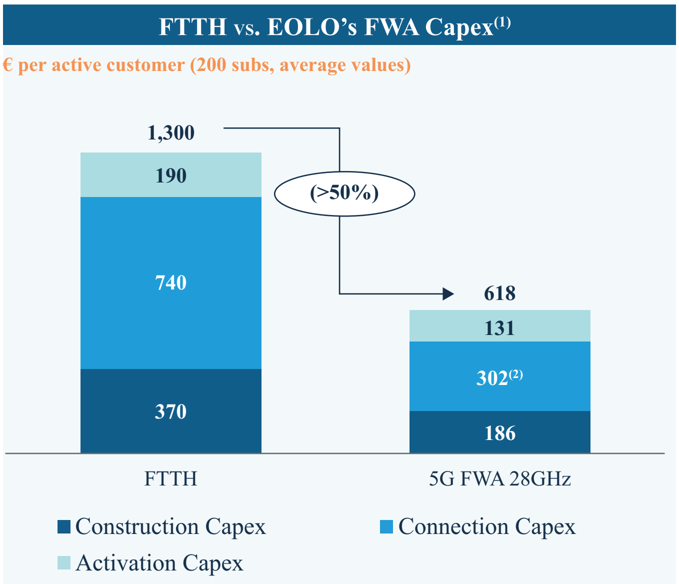
FTTH connections currently play a very limited role in the Italian FBB market. Supported by the gradual roll out of fiber infrastructure, FTTH connections have grown at a 45% CAGR between 2015 and March 2021 reaching a total of 2.11 million connections (11.5%) in March 2021. In EOLO's Target Addressable Market, as of March 2021, FTTH accounts for only 2% of total FBB connections. Given its high connectivity performance, FTTH is expected to gradually replace ADSL and FTTC connections and gain a leading market share in Italy, except in rural and suburban areas (including EOLO's Core Target Addressable Market (Grey II and White II areas)).

FWA (Fixed Wireless Access)

FWA uses a hybrid system of wired fiber and wireless networks to offer fixed broadband and ultra-broadband services. FWA networks offer internet access through a network of antennas and receivers. Each antenna is linked through optical fiber to regional and national POPs as well as with data centers. Connection to households and single premises is carried out through radiofrequencies, offering speeds in the 30-100 Mbps range (up to 1 Gbps for business clients with PTP access). FWA's latency is 1 ms on average.

FWA providers aim to offer broadband services with higher download and upload speeds at similar or lower prices than their competing ADSL/FTTC network providers. FWA represents the best solution to deliver high-speed connections in rural and suburban areas, as it benefits from lower installation costs and superior marketability due to lower installation times. We estimate that in rural areas the deployment capital expenditure required per active customer amounts to €1,300 for FTTH, compared to €608 for FWA. This lower capital expenditure results in a significantly shorter payback period for FWA as compared to FTTH, FTTH's costs are also increased by its higher KO rates as compared to FWA connections in rural areas.

FWA also benefits from a superior marketability (as compared to FTTH) due to shorter installation times in rural areas. In those White I areas already covered with FTTH by Open Fiber, there is generally a significant time gap between the completion of the FTTH network and availability for use by broadband operators due to the lack of last meter-connection to customers' premises. This factor increases the costs for broadband operators and creates a time delay in the marketability of areas already covered by a fiber network. This in turn results in inability to connect consumers' premises that will present an opportunity in the short-term to medium-term that can be exploited by FWA operators. See—"*Italian Fixed Broadband Infrastructure—Fixed Wireless Access (FWA).*"



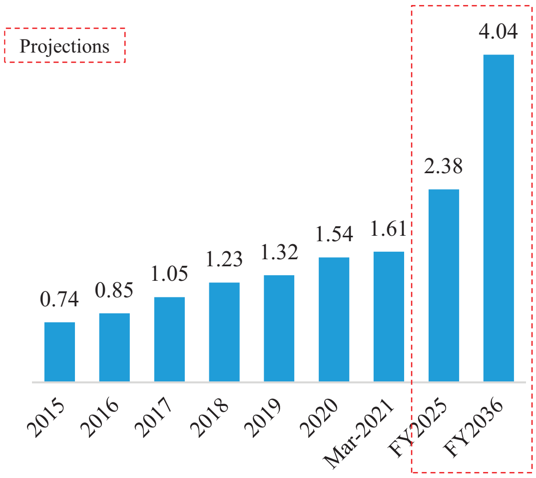
(1) total deployment capital expenditures (excluding grants).

(2) refers to CPE capital expenditures (excluding cost of router).

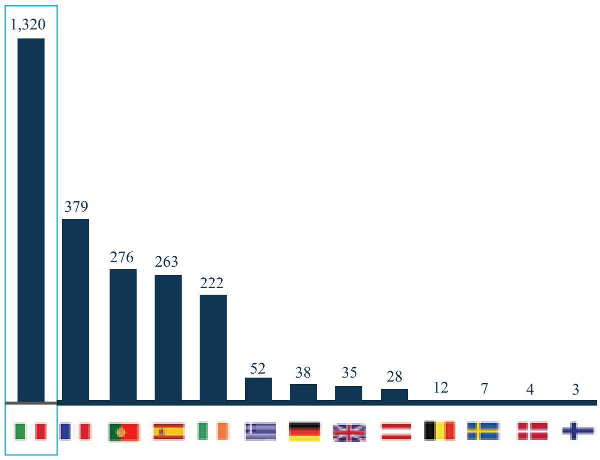
Open Fiber's FTTH roll-out plans in White I areas are behind schedule, thereby creating an opportunity for FWA operators to install their networks first. Based on current regulations, Open Fiber will not be required to deploy its FWA network in those areas already covered with FWA UBB technologies by at least one other operator.

Based on these considerations, FWA can be seen as the most viable UBB alternative in EOLO's Target Addressable Market. FWA connections have doubled in the last five years, from 0.7 million in 2015 to 1.6 million (8.7% of total FBB active lines) in March 2021, reaching a share of our Target Addressable Market of 7.1% in Grey II areas, 21.7% in White I areas and 12.5% in White II areas in 2020. Italy is by far the European country with the highest number of FWA connections and the highest proportion of FWA lines to FBB lines. Given the Italian topography, population density and lack of cable infrastructure, Italy is an ideal candidate for FWA to consolidate its position as a leading NGA technology.

FWA Subscription Growth 2015-Mar 2021 - MM



FWA Connections by European Country 2016-2019 –



Other Technologies

There is a variety of service providers in Italy that use alternative technologies to FBB for broadband internet access, such as mobile broadband networks and satellite broadband technologies.

Mobile broadband services are offered by mobile network operators such as TIM, Vodafone and Wind 3 and do not directly compete with fixed broadband technologies, including FWA, as they have different characteristics. In general, mobile broadband technologies, including 5G, have a different network design tailored to offer connections to mobile users with a constantly changing location and therefore offer a low data allowance, while

FWA is designed to cope with high traffic volume per user and provide a connection between a household and a BTS. For the time being (using 4G technology), mobile broadband data transmission speeds in rural and suburban areas are relatively low compared to average FWA speeds and depend heavily on the proximity to the next available mobile tower. To offer comparable FWA speeds in rural and suburban areas (using 5G technology), a higher network densification (higher antenna density) and high investments by mobile network operators (MNOs) would be required. Moreover, we believe that offering our excess capacity to other operators will discourage competitors from deploying their own FWA network.

Some MNOs (such as TIM) have introduced “FWA-like” offers which are based on mobile infrastructure. While these “FWA-like” services will be used in selected situations, they are considered sub-optimal in comparison to FWA since they are unable to match the uncapped data allowance offered by FWA and present technical difficulties in their implementation. For example, MNOs use the same mobile BTS for fixed and mobile customers but mobile BTS point down to street level where the mobile user is located, while the FWA BTS point up in order to deliver the signal with direct line of sight above the interference noise (“above the clutter”) to the rooftop-mounted CPEs. As a consequence, since mobile BTS are not in clear line-of-sight above the interference noise, which is much stronger at street level, mobile BTS generally end up having a relatively poorer quality of service. Furthermore, as of today, MNOs do not use rooftop-based CPEs but rather indoor CPEs or window/ balcony mounted CPEs, which generally leads to higher signal losses (up to 50% of signal for FMBB as compared to 30% for FWA). If MNOs aim at delivering speeds on par with FWA operators using these “FWA-like” offers, MNOs will need to offer rooftop-based CPEs, which will require significant upfront capital expenditure.

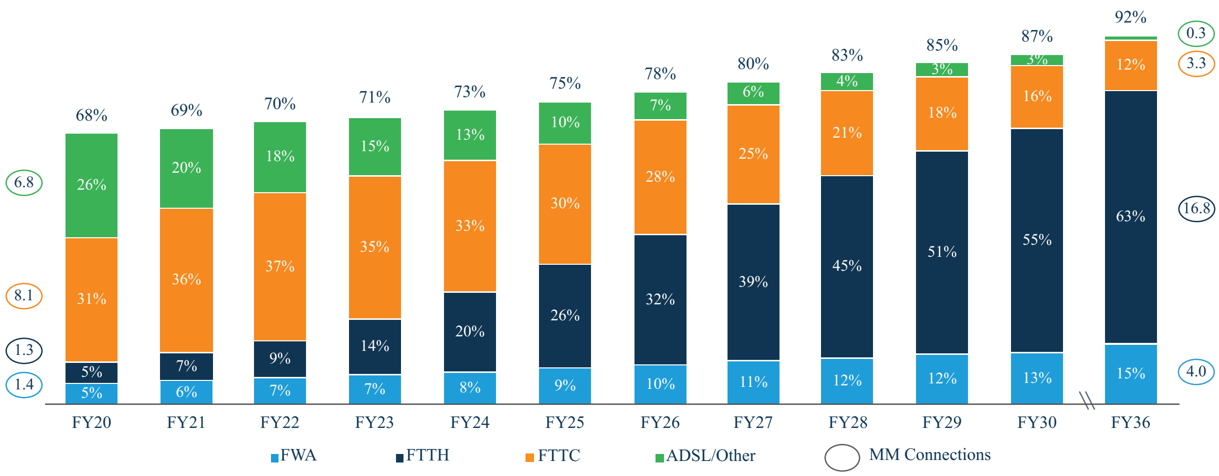
A number of Low Earth Orbit (“**LEO**”) satellite projects have been launched recently, which offer improved quality of service as compared to broadband technology offerings utilizing Geostationary (“**GEO**”) and Medium Earth Orbit Satellites (“**MEO**”). However, these enhanced LEO satellite broadband technologies offer lower quality services than FWA in terms of average speed, latency and price. Indeed, the top average speed of satellite connections are of up to 80 Mbps with latency of 40 ms on average, much lower than the 300 Mbps speed with 1 ms latency offered by FWA. In addition, LEO satellites have significantly higher capital expenditure requirements than FWA, with a satellite unit cost of €500,000, and the quality of signal is more adversely affected by weather conditions as compared to FWA technology. Furthermore, rooftop CPEs must be able to track satellites as they move, switching seamlessly from one to the next as they disappear below the horizon, which is not always possible. As a result, satellite broadband is mainly offered in very remote areas where alternative data transmission technologies are not available. Satellite broadband does not represent a meaningful competitive challenge to FWA.

Outlook

Overall FBB market

Driven by growing data traffic and internet usage, the Italian FBB market is expected to continue to grow with the total number of FBB subscribers expected to increase from the current 18.37 million to 24 million in 2036, which means that FBB penetration in Italy should reach the current average of other Western European countries (87%) by 2030 or so. This growth is expected to be driven by FTTH coverage completion (expected by 2025/2030 or so), migration of clients from legacy to better performing technologies (FTTH/FWA) and copper decommissioning.

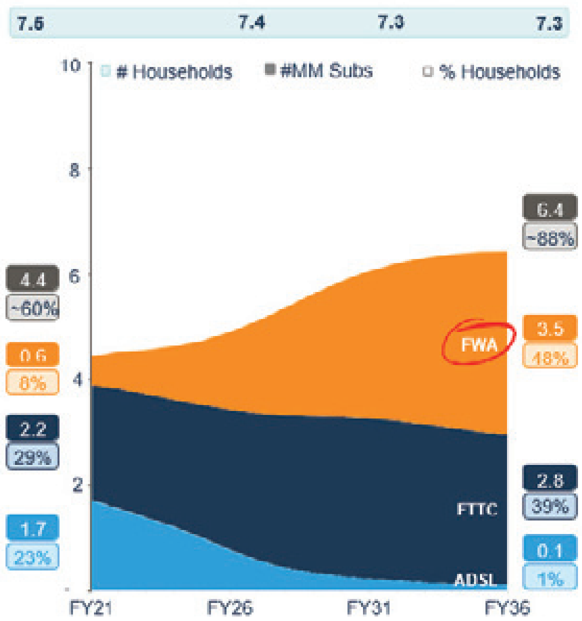
Italian Households Broadband Penetration by Technology FY2020-FY2036 - %



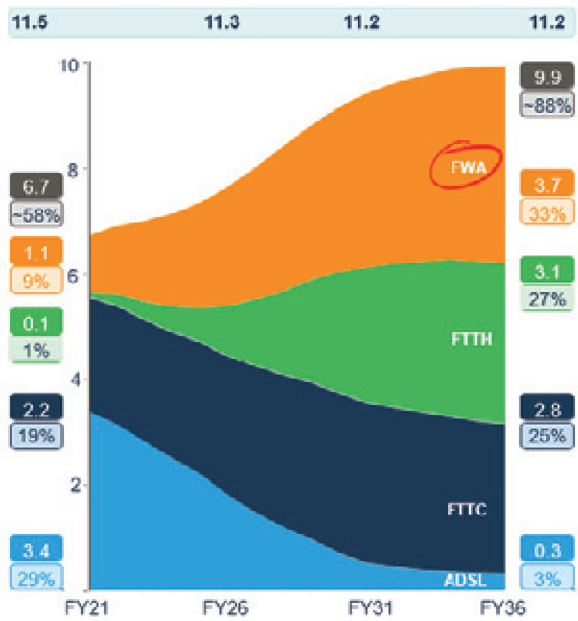
FWA market

The Italian FWA market is expected to increase from 1.6 million connections in 2021 to 4.0 million in 2036, with penetration expected to consistently increase from 6% to 15% of the overall FBB market. The growth of FWA is expected to be particularly strong in EOLO's Target Addressable Market, where it is expected to grow from 1.1 million (9% of total households) to 3.7 million (33% of total households) in 2036.

Subscribers by technology in EOLO's core TAM – MM



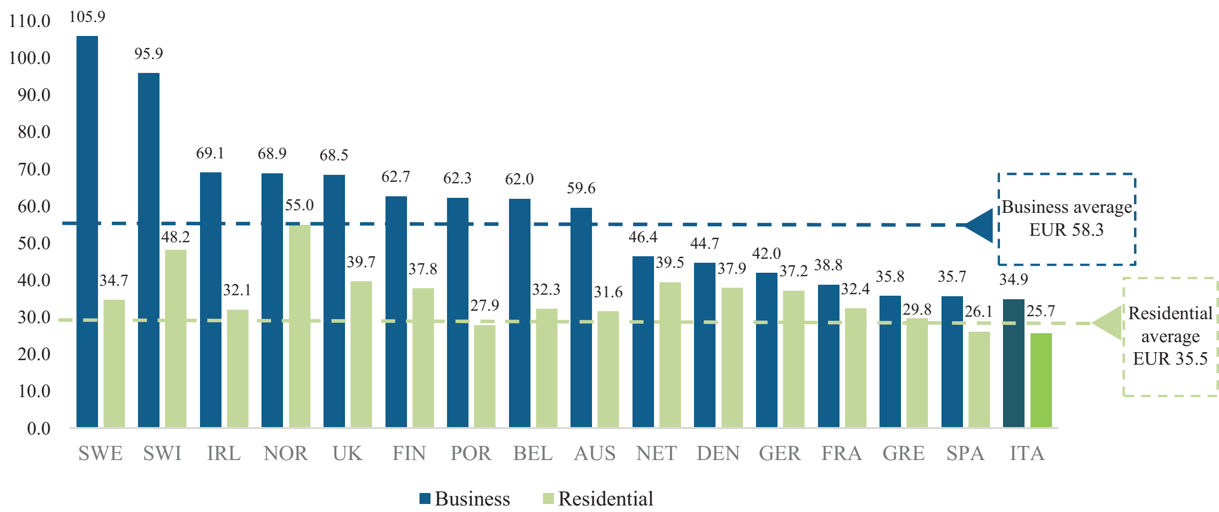
Subscribers by technology in EOLO's TAM -



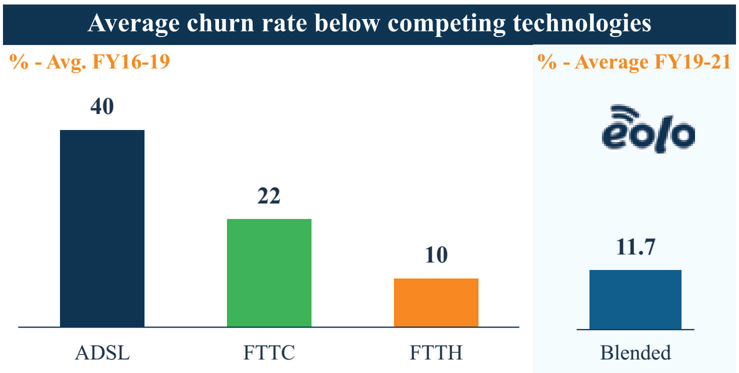
ARPU and Churn Rates

The average ARPU for Italian FBB connections is €25.7 (residential) and €34.9 (business), which are the lowest among West European countries in both the consumer segment (€35.5) and business segment (€58.3). This lower average ARPU is largely the result of the unique conditions in the Italian FBB market where no premium price differentiation is applied based on download speed performances.

West European fixed broadband ARPU benchmark - 2019



For the years ended March 31, 2019, 2020 and 2021, EOLO's Blended Churn Rate was 11.8%, 10.8% and 12.5%, respectively. These levels compare with average churn rates for the Italian broadband market of 26.3%, 22.7% and 24.2% respectively. Our churn rate is in line with the churn rate for FTTH (10% average for the years 2016-2019) and considerably lower than churn rates for other fixed broadband technologies, such as FTTC (22% average for the years 2016-2019) and ADSL (40% average for the years 2016-2019).



Competition

Overall FBB market

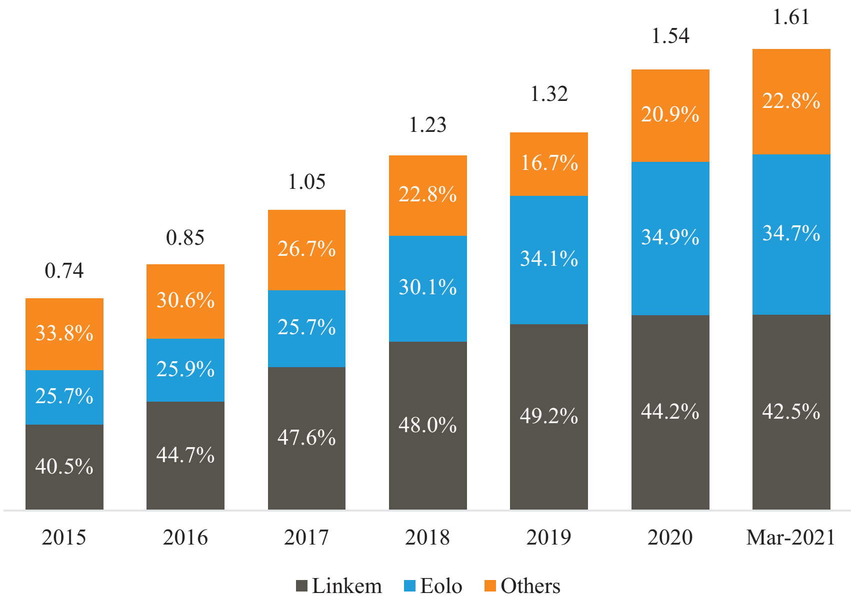
According to AGCOM, as of March 31, 2021, TIM was the leader of the overall Italian FBB market with a share of 42.2%, followed by Vodafone (16.4%), Fastweb (15.1%), Wind 3 (13.9%), Linkem (3.7%) and EOLO (3.1%).

FWA Market

EOLO is the largest FWA player by revenues in Italy. By subscriber base, as of March 2021, Linkem and EOLO are the main FWA players, accounting respectively for 42.5% and 34.7% of total FWA broadband subscribers in Italy, followed by TIM (7.7%), Vodafone (2.6%), Tiscali (2.5%). A number of other operators, mainly regional and local providers, account for the remaining 10.0% of households. EOLO's market share of the FWA market has grown from 25.7% in 2015 to 34.7% (March 2021). Linkem's market share reached 49.2% in 2019 and has declined since then in part due to the growing FTTH penetration in urban areas where Linkem is focused.

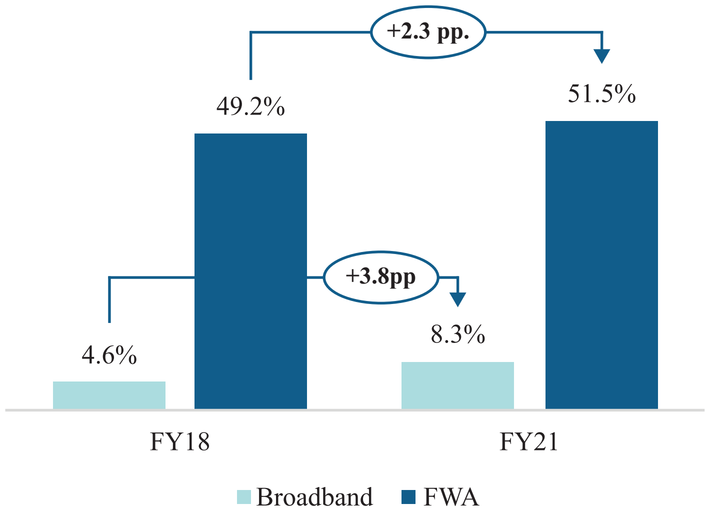
In our Target Addressable Market, EOLO is the clear market leader with a market share of 51.5% of total FWA connections.

FWA broadband subscribers by provider in Italy
MM active lines (residential and business)



Source: AGCOM

EOLO's market share in EOLO's Target Addressable Market - % of connections



In Italy, only EOLO and Linkem have a focus on the FWA technology. While Linkem is focused on Black and Grey I areas, EOLO is mainly focused on rural and suburban (Grey II and White) areas. Based on public figures, Linkem's customer growth has shown a declining trend since 2017. Linkem also has a larger proportion of pre-paid customers (34% in 2020) as compared to EOLO (2%). TIM's and Vodafone's offers are focused on their "FWA-like" solutions based on their mobile networks. TIM's and Vodafone's geographic presence is generally concentrated in Black and Grey areas.

The competitive environment is expected to become more dynamic in the future. Open Fiber continues to rollout and activate FTTH in White I areas and to rollout FWA in White II areas. However, in White II areas Open Fiber is required to rollout FWA in areas where this technology is not already deployed by other FWA providers. In Grey II areas, EOLO and Linkem's FWA services are expected to gain market share at the expense of TIM's FTTC. Moreover, in Grey I areas FiberCop announced to start the fiber buildout from 2023 onwards. Last, but not least, Linkem and Fastweb have signed an agreement to jointly deploy a FWA "proprietary network" to approximately 10 million households in Grey and White areas by 2023. However, we believe that EOLO is better positioned to compete in these areas in its Target Addressable Market where EOLO has an advantage in its infrastructure and technological knowledge.

Main fixed broadband players overview

Players	Focus on market areas	Technology deployed	Proprietary network	Subscribers (o/w FWA)[(1)]	FWA offering	EOLO FWA wholesale attractiveness
TIM	B, G I/II, W I/II	FTTH/C, FWA, ADSL, Satellite	✓	7.7 MM (0.1 MM)	FWA-like on mobile network	●
vodafone	B, G I/II, W I/II	FTTH/C, FWA, ADSL	–	3.0 MM (0.04 MM)	FWA-like on mobile network	●
FASTWEB	B, G I/II	FTTH, FWA, ADSL	✓	2.8 MM (n.a.)	FWA Offering up to 30 Mbps	◑
W3	B, G I/II, W I/II	FTTH/C, FWA, ADSL	–	2.6 MM (n.a.)	FWA Offering up to 30 Mbps	●
linkem	G I, G II	FWA	✓	0.7 MM (0.7 MM)	FWA Offering up to 100 Mbps	◔

BUSINESS

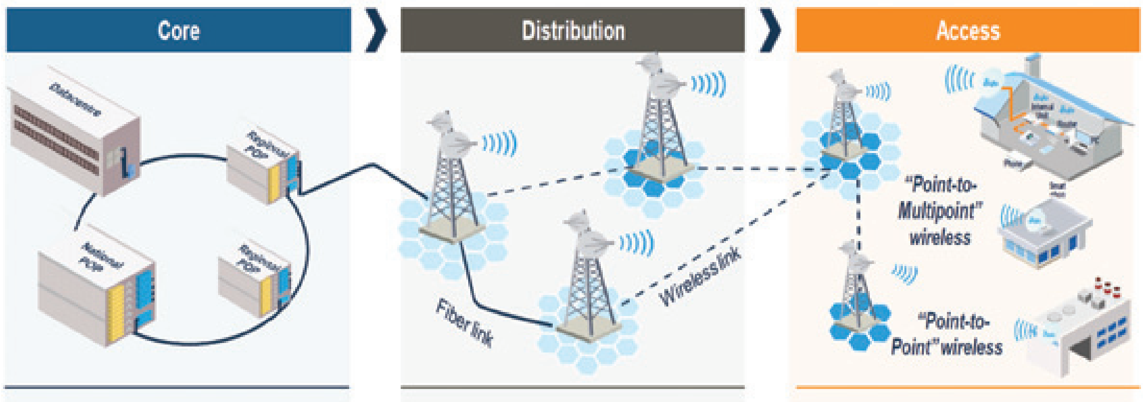
This business section includes certain technical terms that are commonly used in our industry. We have estimated certain information in this Offering Memorandum regarding market share and our position relative to our competitors based on our internal data and certain extrapolations. See "Industry."

Overview

We are the largest provider of broadband ("**BB**") and ultra-broadband ("**UBB**") fixed-wireless access ("**FWA**") services in Italy based on revenues for the year ended December 31, 2020 and the second largest based on number of subscribers with a market share of 34.7% for year ended March 31, 2021. Our mission is to close the digital and speed divide by offering high-speed broadband connectivity services in underserved rural (*i.e.*, White areas) and suburban areas (*i.e.*, Grey II areas) in Italy where alternative connection technologies are either unavailable or significantly delayed (*i.e.*, FTTH) or have lower speed and quality performance (*i.e.*, ADSL or FTTC). As a result, we mainly focus on identified rural and suburban areas comprising approximately 11.5 million households in Italy where the penetration of broadband connection services is lower than in the rest of Italy and where we offer the highest available speed (our "**Target Addressable Market**" or "**TAM**"). Our unique FWA infrastructure platform enables us to offer in our Target Addressable Market, in a cost-effective manner, speeds of up to 100 Mbps (download speed) and we are working to increase connection speeds to 300 Mbps in the near future to further distinguish our service offer. With selected business customers, we already offer speeds of up 1 Gbps (download speed) through point-to-point ("**PTP**") wireless link connections. In recent years, we have aggressively expanded our FWA network coverage to reach more than 80% of households in our Target Addressable Market and more than 6,700 municipalities across Italy's 20 regions. This resulted in a strong growth of our subscriber base from approximately 379,600 as of March 31, 2019 to 567,900 as of June 30, 2021, with a CAGR of 19.6%. Our market share in our Target Addressable Market was 51.5% of FWA connections as of March 31, 2021.

We own, lease and operate a unique proprietary end-to-end infrastructure network that enables us to offer a high-quality service to our customers. Our FWA infrastructure covers the complete end-to-end core, distribution and access networks of the fixed data transmission chain.

EOLO'S END TO END INFRASTRUCTURE NETWORK



- *Core Network*. Our core network leverages on four core national points of presence ("**POP**"), five core regional POP and two data centers connected through our backbone. Our backbone is secured by long-term indefeasible rights of use ("**IRU**") of third parties' dark fiber infrastructure of approximately 14,800 kilometers as of June 30, 2021 (an increase of more than approximately +416% since March 31, 2018);

- *Distribution Network*. Our distribution network is based on fiber backhauling and radio links. As of March 31, 2021, our fiber backhauling is secured by leased capacity circuits. In addition, in 2021 we signed an agreement with Open Fiber to secure 1,000 fiber-to-the-antenna links to base transceiver stations ("**BTS**") (*i.e.*, fiber-to-the-antenna). As of March 31, 2021, we have approximately 3,600 radio links connecting BTS (an increase of approximately +41% compared to March 31, 2018); and

- *Access Network*. As of August 31, 2021, our access network is based on approximately 3,400 BTS (an increase of approximately +45% compared to March 31, 2018), which deliver signal to the customer premises equipment (the “**CPE**”), installed on customers’ premises, primarily using (i) the unlicensed 5GHz spectrum (for our 30 Mbps EOLO Wave offering) and (ii) the licensed 28 GHz spectrum (for our advanced, higher speed 100 Mbps EOLO Wave G offering).

Our external network of approximately 1,500 technicians (known as “installers”) across Italy provides us with in-depth local knowledge and a capillary presence in our Target Addressable Market, which in turn is instrumental to our ability to offer high service levels.

As the first mover in our Target Addressable Market, we have established a high-quality infrastructure network that is difficult to replicate in a cost-efficient way. We offer our excess capacity on a wholesale basis to other operators who can exploit EOLO’s infrastructure to acquire new customers or migrate customers currently served through non-performing technologies in Italian rural and suburban areas. Building on this strategy, in 2020 we signed an agreement with Wind 3 and in 2021 announced a memorandum of understanding with TIM; these strategic partnership projects are focused on our Target Addressable Market, where TIM and Wind 3 will be able to provide internet access services to their existing and new customers using our proprietary infrastructure network.

We operate in the underpenetrated Italian fixed broadband market where we see considerable room for growth, particularly in our Target Addressable Market. Due to the lack of coaxial cable infrastructure, delays in fiber roll-out and difficult geographic terrain, only approximately 67% of Italian households as of December 31, 2019 had a fixed broadband connection as compared to a European average penetration rate of approximately 87% as of December 31, 2019. Broadband connection services, principally through FWA technology in rural and suburban areas, are expected to continue to expand and close this penetration gap on the back of growing data consumption driven by changing consumer habits (such as remote working) and the growing use of online streaming, which trend has been boosted during the COVID-19 pandemic.

We believe that there is an untapped growth opportunity in our Target Addressable Market, where broadband penetration and high-speed connections are significantly lower than the national average level (penetration levels between 56% and 60%). Given the physical geography and low population density of many Italian rural and suburban communities, FWA can be the best technological alternative to deliver high broadband speeds at competitive prices given its limited roll-out costs and fast network deployment times in these areas. Legacy technologies (*i.e.*, ADSL and FTTC) are proving less effective to meet the growing demand for bandwidth, while FTTH is either not going to be deployed or will be deployed only with delays in these areas, in part due to the significant investments required. As the largest provider of broadband and ultra-broadband services in our Target Addressable Market, we believe that we are uniquely positioned to exploit this growth opportunity.

The expansion of our FWA network and service offering in recent years has driven the growth of our total revenues and other income and Adjusted EBITDA. From the year ended March 31, 2019 our total revenues and other income and Adjusted EBITDA increased from €129.8 million, and €67.7 million, respectively, to €198.3 million (a CAGR of 20.7%) and €107.9 million (a CAGR of 23.0%), respectively, for the twelve months ended June 30, 2021. For the same period, our loss for the year/period increased from €0.5 million to €14.9 million. For the twelve months ended June 30, 2021, 94% of our total revenues and other income was generated from subscription-based revenues from monthly recurring debits by customers and approximately 6% was generated from one-off payments, including activation fees and penalties for churned customers.

We divide our offering into the following three segments:

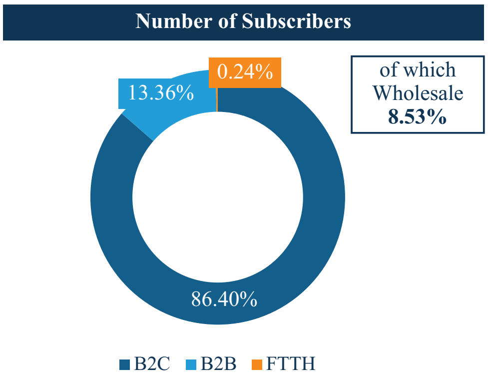
- **Business-to-Consumer (“B2C”).** As of June 30, 2021, we had approximately 490,700 B2C subscribers (“**B2C Subscribers**”). Our offering to B2C Subscribers includes modular commercial offerings designed to address different users’ needs with dedicated add-on packages: “Entertainment” (streaming and gaming), “Study & Work” (studying and remote working applications) and “Security” (antivirus and parental control).

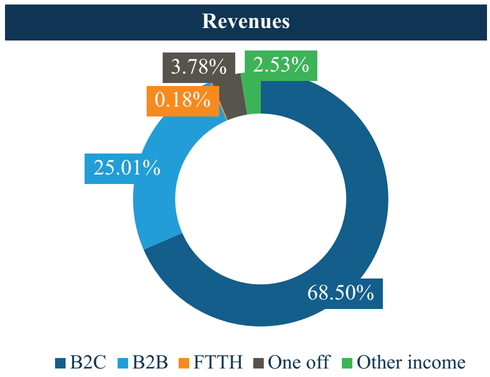
- **Business-to-Business (“B2B”).** As of June 30, 2021, we had approximately 75,900 B2B subscribers (“**B2B Subscribers**”). Our offering to B2B Subscribers includes connectivity services for small and home offices (“**SoHo**”) and small and medium enterprises (“**Business**”) to which we offer shared solutions, and for large companies (“**TOP**”) to which we offer services through high-end connectivity and dedicated infrastructure.

- **FTTH.** Although it does not represent our core business, we provide a FTTH service mainly in certain urban areas covered by Open Fiber’s FTTH infrastructure to complement our FWA services in order to meet customer demand. As of June 30, 2021, we had approximately 1,400 fiber subscribers (“**Fiber Subscribers**”).

As of June 30, 2021, our B2C and B2B Subscribers included approximately 48,500 wholesale end-customers ("**Wholesale Subscribers**"). We sell to our Wholesale Subscribers through internet service providers ("**ISP**"), system integrators and to national internet providers and international telecommunications providers to whom we offer our excess capacity. We plan to strengthen our wholesale offering in the future relying more on major national and international providers such as TIM and Wind 3 and further expand our wholesale offering to retail customers.

The below charts set forth the percentage of our total revenues and other income and number of subscribers represented by each of our three offering segments for the twelve months ended June 30, 2021.





One off: includes activation fees and penalties for churned customers (meaning such revenues are not generated from monthly subscription debits);

Other income: includes, *inter alia*, grants from Infratel, out of period income, tax credit and hardware resale.

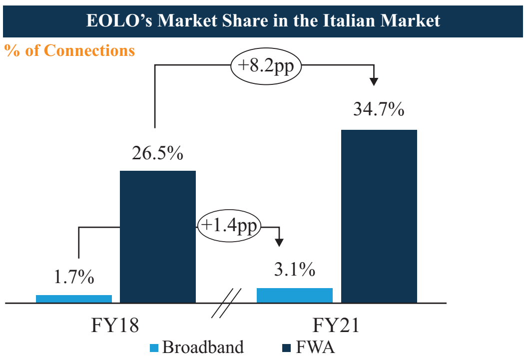
Our Strengths

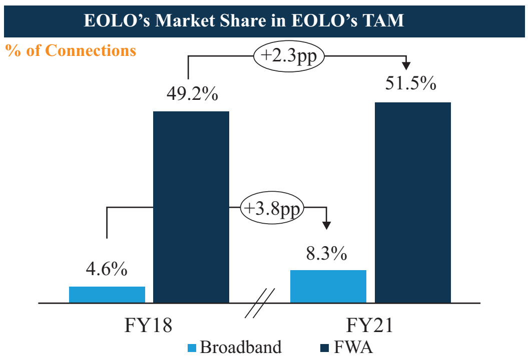
We believe that a number of key factors gives us a competitive advantage, including:

We are the largest provider of FWA services by revenue in Italy with growing market share and innovative FWA technology.

We are the largest provider of BB and UBB FWA services in Italy based on revenues for the year ended December 31, 2020. In terms of number of subscribers, we have a market share of 34.7% in Italy and we are the undisputed leader with a market share of 51.5% in our Target Addressable Market. Our market share in the broadband and FWA markets have grown faster in terms of new subscribers additions than the FWA market and broadband market generally: our new subscriber additions grew at a CAGR of 24.9% from March 31, 2018 to March 31, 2021, while the FWA market grew at a CAGR of 13.5% and the broadband market generally grew at a CAGR of 3.0% during the same period.

The below charts set forth our market shares in Italy and in our Target Addressable Market for the years ended March 31, 2018 and March 31, 2021 in the broadband and in the FWA markets.





We are the only player in Italy with a focus on FWA services in our Target Addressable Market. The other principal player in Italy with a focus on FWA technology is Linkem. While Linkem has a larger number of subscribers than EOLO, it is focused on prepaid solutions for urban and suburban areas and uses the 3.5 GHz spectrum, which allows for less bandwidth (and therefore lower quality of service). Linkem's growth in subscribers was lower than EOLO's (approximately 11% CAGR (December 2017-2020) compared to EOLO's 24% (March 2018-2021). Other players in the FWA market include operators such as TIM and Vodafone, which have “FWA-like” service offers based on their mobile infrastructure. While these “FWA-like” services will be used in selected situations, these services are considered sub-optimal in comparison with FWA since they are unable to match the data allowance offered by FWA and their implementation can present technical difficulties.

In the wholesale sector, we are the main player offering access to an FWA network in our Target Addressable Market, which we believe will enable us to capture additional subscribers and therefore continue to grow our subscriber base and market share in the medium term. As part of its plans to guarantee broadband deployment in low population density areas with high investment costs, in accordance with the provisions of the EU broadband State Aid guidelines implemented by the Italian government, Open Fiber is required to provide FWA active services in White II Areas to third-party operators if no comparable access product is already offered in the same geographic area by another operator. As EOLO already provides active services in such areas, Open Fiber will not be required to offer active services in such areas. Even though Open Fiber might still decide to establish an FWA infrastructure in our Target Addressable Market, we believe that our 80% coverage in our Target Addressable Market will act as an economic disincentive for Open Fiber. This provides us with a pre-emptive opportunity in White II areas, thus underpinning the uniqueness of our FWA infrastructure and the leadership position in our Target Addressable Market.

Our leading market position in our Target Addressable Market is underpinned by the superior performance of our FWA service offering in such areas as compared to other available fixed BB and UBB technologies. In our Target Addressable Market, FTTH technology is either largely unavailable or expected to be deployed with delays while other available technologies, such as ADSL and FTTC, do not offer the same speed and overall performance levels. Our unique FWA network enables us to currently offer the highest available speed in our Target Addressable Market with download/upload speeds of up to 100/20 Mbps and up to 1Gbps for selected business clients and we have an established roadmap to roll out services with a download speed of up to 300 Mbps in the near future. In addition, our capillary local presence enables us to offer best-in-class intervention services, low time to market and effective maintenance and repair services.

Our leading market position is further supported by our technological knowhow, which has enabled us to develop unique, proprietary and data-driven technologies to support our functions. These custom solutions include:

- EOLIA is our self-designed software for network design, operations, management and monitoring, which plays a critical role for our network planning and installation approach and which has contributed to our successful network expansion and customer satisfaction. We use EOLIA to identify the overall network topology, health status for wireless access and wireless backhaul network, wireless backhauling link occupation and historical data and trends;

- G-EOLO is our location intelligence system which uses internal information and external sources to identify potentially attractive market areas for our network expansion;

- Blue system is our patented traffic re-balancing platform. As part of our Blue system, we have also developed Otelma, our in-house built software, which continuously applies traffic steering policy avoiding backhauling congestion; and

- Datawave is our management tool for development and assurance processes, inventory and warehouse management. The main functions covered by Datawave relate to the automated processes of the operational activities carried out by our installers. For example, Datawave help us assign the work orders to our installers and exchanges information with EOLIA about the field activities aimed at the installation of new BTSs.

Our radio access is mainly based on technologies tailored to specific requirements to best fit our vendors’ architecture to our service models. Such customizations are co-engineered by us and our local partners as a result of years of continuous refinements based on field experience and territorial knowledge. On-field feedback is key to improve our performances. For example, we have managers focusing on specific areas of the Italian territory (*i.e.*, North West, North East, Center and South of Italy). Our area managers, *inter alia*, update our internal database in case of poor coverage in certain areas and/or competitors’ presence. We also work with two primary radio access equipment manufacturers in the design and development of point-to-multipoint (“**PMP**”) and PTP connections: Cambium Networks Ltd. and Intracom S.A. Telecom Solutions. Over the last few years, we have leveraged our strong relationships with our suppliers to develop multiple access technologies to achieve optimal coverage and network performance.

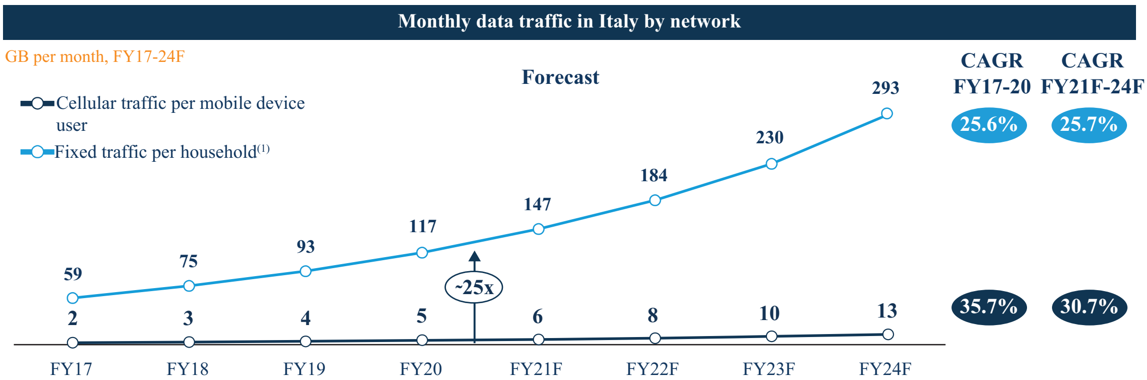
We believe that our superior service offering and technological leadership provide us with a clear competitive advantage resulting in high customer satisfaction rates (more than 85% for the month ended April 31, 2021, based on the number of customers declaring themselves "very satisfied" after interactions with our technicians) and in our leading and growing market share. We also believe our leading market position places us well to meet the growing demand for high-speed connectivity services in our Target Addressable Market.

Fast-growing Italian broadband market with a large untapped opportunity for FWA service providers in our Target Addressable Market.

We operate in the underpenetrated Italian fixed broadband market where we see considerable room for growth, particularly in our Target Addressable Market. Due to the lack of cable infrastructure, delays in fiber roll-out and difficult morphology, only approximately 67% of Italian households have a broadband connection versus a European average penetration of approximately 87% as of December 31, 2019.

Broadband connection services are expected to grow and close this gap on the back of growing data consumption as evidenced by the 25.6% average annual growth rate of fixed line data consumption from the year ended December 31, 2017 to the year ended December 31, 2020 and the 35.7% average annual growth in mobile data traffic from 2017 to 2020 due to changes in consumer behavior and the availability of increased speeds. The main drivers of data traffic growth include trends such as the growing use of streaming platforms, online shopping, online banking applications, video-on-demand as well as gaming and video activities. The growing adoption of these new applications was boosted by social distancing measures implemented during the COVID-19 lockdowns and the ensuing changes in work and life habits (*e.g.*, remote working, home schooling, and greater adoption of virtual social interactions). On the back of these long-term trends, data consumption in Italy is expected to continue growing for the period from 2021 to 2024, driven primarily by fixed connectivity usage.

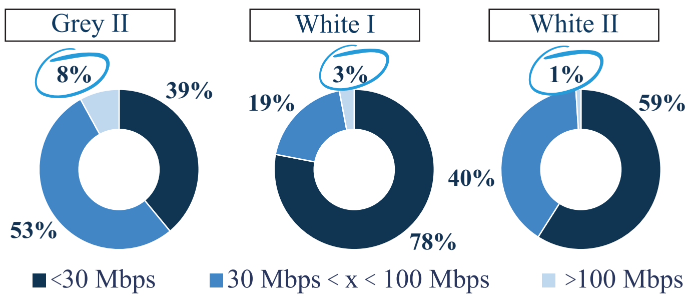
The graphic below shows the monthly data traffic in Italy for the period 2017-2020 and the forecast for the period 2021-2024.



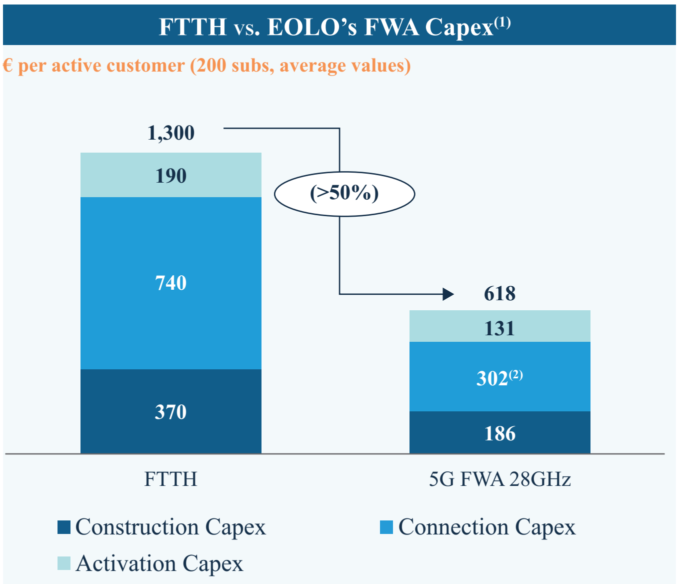
(1) broadband access at fixed location, for one household. Technologies include fixed line and wireless (FWA).

In our Target Addressable Market, we see a large untapped opportunity for our services. The penetration of broadband services in these areas is lower than at national level with penetration levels between 56% and 60% as compared to a national average of 67% as of December 31, 2019. The low internet penetration is primarily due to the fact that these areas are serviced mainly through legacy ADSL and FTTC connections which have proven to be ineffective in delivering high-speed connections in areas with challenging geography and low population density. For example, ADSL connections offer maximum speeds of up to 30 Mbps. FTTC connections, on the other hand, offer speeds of up to 100 Mbps, but only if the customer premise is close to the fiber cabinet. FTTC connection speeds reduce to 30 Mbps for distances from the cabinet of up to 1 kilometer. This distance tends to increase as the service area becomes more rural (*i.e.*, less home density). There is also a wide variation in the distribution of the secondary copper length in suburban and rural areas, which leads to inconsistent performance.

The graphics below show the breakdown of BB connections by download speed available from all providers in our Target Addressable Market for the year ended March 31, 2020.



We also believe that the plans by fiber providers such as Open Fiber and FiberCop to increase fiber coverage throughout Italy will have only a limited impact on our competitive position in our Target Addressable Market. While FTTH technology can deliver connection speeds of up to 1 Gbps, it is a suboptimal technology for rural and suburban areas for several reasons. First, FTTH has high installation and deployment costs, making it a viable technology primarily in densely populated areas. For instance, the average FTTH development capital expenditures per household connected in rural areas is estimated to be more than double the capital expenditures required for FWA, resulting in significantly longer payback periods.



(1) total deployment capital expenditures (excluding grants).

(2) refers to CPE capital expenditures (excluding cost of router).

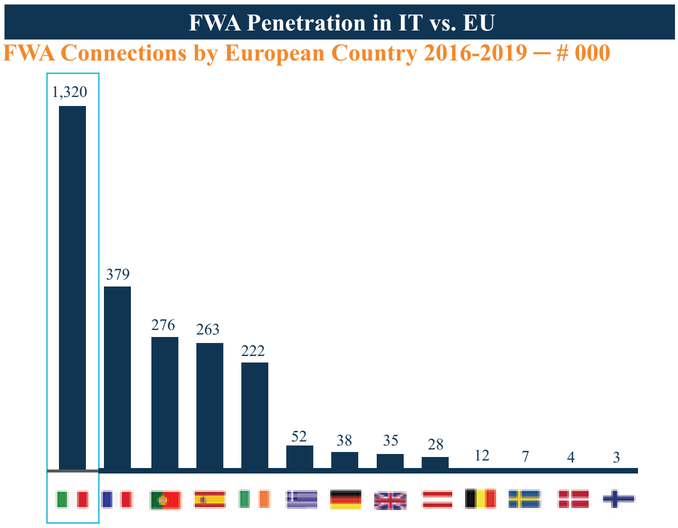
In addition, FTTH has experienced long installation periods in rural areas, making it a less appealing technology as compared to FWA. In the few White I areas already covered with FTTH by Open Fiber, there is a significant time gap between completion of the network and availability for use by broadband operators due to lack of last meter-connection to customers' premises. This factor increases the costs for broadband operators and creates a time delay in the marketability of areas already covered by a fiber network. This in turn results in inability to connect consumers' premises that will present an opportunity in the short-term to medium-term that can be exploited by FWA operators. Finally, Open Fiber's FTTH roll-out plans have experienced several delays as compared to their original schedule, with only 22.6% of targeted municipalities in White I Areas tested as of August 2021.

As a result, FTTH is not expected to be deployed to the Grey II and White II areas of our Target Addressable Market, which represent 6.9 million households (or 29% of total Italian households) or will be deployed on a delayed basis compared to Open Fiber's original plans for White I areas, representing an additional 4.0 million households (15% of total). Accordingly, FWA can be seen as the best technological alternative to FTTH in our Target Addressable Market on account of FWA's generally competitive broadband speeds, lower roll-out cost and more rapid speed of network deployment as compared to FTTH.

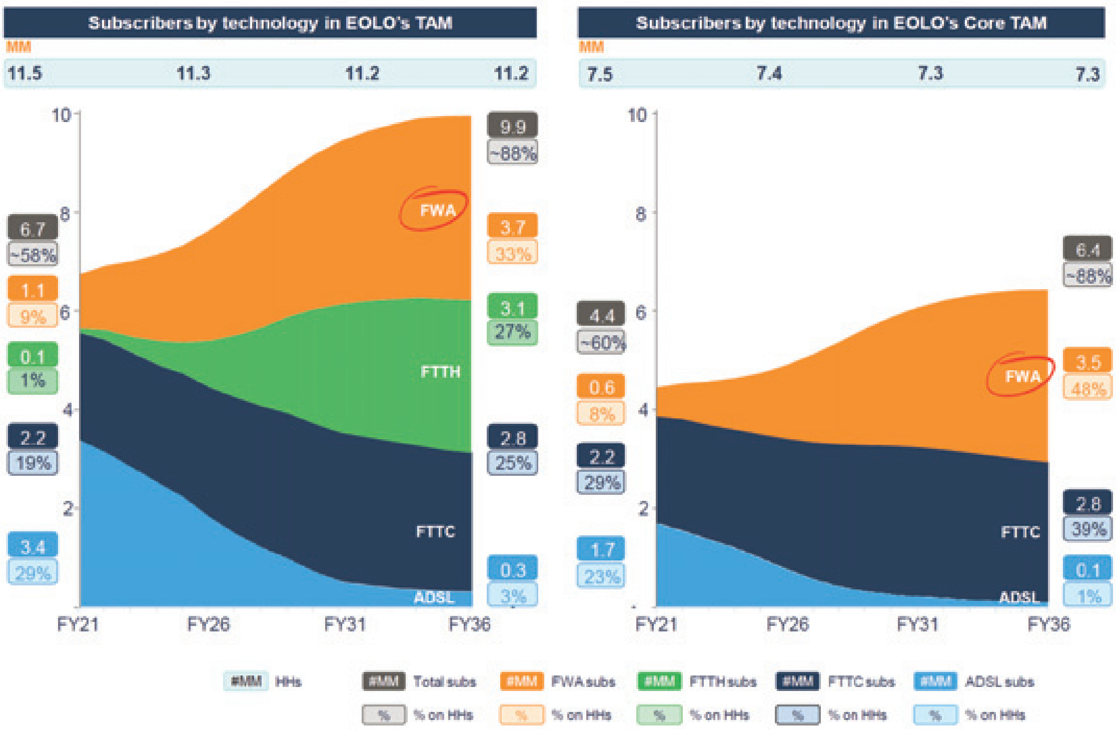
In addition, we believe that 5G mobile technology does not represent a viable alternative to FWA service in our Target Addressable Market. First, 5G mobile technology is designed to offer connectivity in a mobile context, rather than to be a fixed broadband service. In addition, the substantial upfront investment needed to deploy 5G infrastructure in low-density rural and suburban areas in Italy (such as our Target Addressable Market), including the cost of towers and other assets, are unlikely to generate an attractive return on investment for 5G operators. Mobile operators offering "FWA-like" solutions are also not expected to present a meaningful competitive threat to EOLO, as their solutions are based on mobile technology which may face congestion issues (as the same spectrum is used for mobile and fixed users, which typically leads to data caps). In contrast, EOLO utilizes a different network architecture with fixed line-of-sight from the antennas to the houses, ensuring a fixed bandwidth for each household.

These considerations explain why the number of FWA connections in Italy has doubled over the last five years from 0.74 million in 2015 to 1.37 million in September 2020 to 1.54 million in December 2020, resulting in an increase in FWA's penetration of the Italian broadband market from 5% to 9% of all broadband technologies. Due to its geographical characteristics and large number of small municipalities (i.e., municipalities with less than 5,000 inhabitants), Italy is by far the European country with the highest number of FWA connections and the highest FWA proportion of fixed BB lines.

The graphic below shows the amount (measured in thousands of households) of FWA connections (‘000 households) in Europe between 2016 and 2019.



We believe there is a large, untapped opportunity for our services in our Target Addressable Market due to FWA’s ability to effectively meet the growing data consumption demand in our Total Addressable Market and the expectation that fiber coverage will not reach areas in our Target Addressable Market representing 29% of Italian households or will reach areas representing 15% of Italian households only with delay. We believe that FWA will continue to gain market share in our Total Addressable Market and in what we view as our core target addressable market of approximately 7.5 million households in Grey II and White II areas (our “**Core Target Addressable Market**”) and triple the number of connections between 2021 and 2036.



Unique proprietary infrastructure network that provides high barriers to entry.

We own, lease and operate a unique proprietary end-to-end infrastructure network that enables us to offer a high-quality service to our customers. We are the only end-to-end FWA infrastructure network covering more than 80% of households in our Target Addressable Market and we expect that our coverage will increase following the anticipated completion of the FWA network in the near future. Our FWA infrastructure covers the complete end-to-end core, distribution and access networks of the fixed data transmission chain. Our core network leverages four core national POP, five core regional POP and two data centers (main center and disaster recovery center). Three of our core national POP are deployed in the Milan area, and the fourth in the Rome area, and they are connected with over-the-top (“**OTT**”) providers and internet. We have regional POP collecting local traffic in high-penetration areas in Bologna, Verona, Turin and Pisa (and the POP in Naples will be deployed in early 2022).Our POP and data centers are connected through our backbone, which is secured by long-term IRU on third parties dark fiber infrastructure of approximately 14,800 kilometers as of June 30, 2021 (an increase of more than approximately +416% since March 31, 2018). Our long-term IRU have average residual durations of 15-18 years as of May 2021. Our distribution network is based on fiber backhauling and radio links. As of March 31, 2021, our fiber backhauling is secured by leased capacity circuits. In addition, in 2021 we signed an agreement with Open Fiber to secure 1,000 FTTA links. As of March 31, 2021, we have approximately 3,600 radio links connecting BTS (an increase of approximately +41% compared to March 31, 2018). Our access network connects our customers to the network through a system of owned BTS (approximately 3,400) which are installed on third-party transmission towers, and CPEs, which are installed on customers’ premises but owned by us.

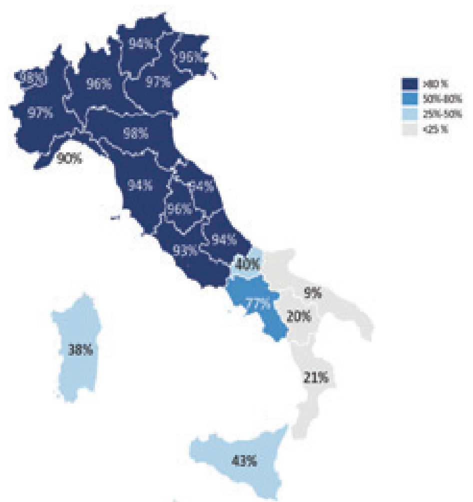
Our BTS and CPEs communicate using the following spectrum: the licensed 28 GHz spectrum (through our EOLO Wave G technology, which is able to offer internet speed up to 100 Mbps with PMP wireless connection and up to 1 Gbps for selected business customers with a PTP wireless connection), the unlicensed 5 GHz spectrum (though our EOLO Wave technology, which is able to offer internet speed up to 30 Mbps) and, only in the region of Val d’Aosta, the licensed 3.5 GHz spectrum (using our EOLO Wave technology). As of June 30, 2021, we have in Italy (i) the largest spectrum ownership of 28 GHz spectrum alongside TIM and (ii) the second largest spectrum ownership across millimeter wavers and second only to TIM, leveraging the 26 GHz spectrum and the 28 GHz spectrum.

Our infrastructure mainly leverages third party towers through rental agreements. We rent more than 3,000 towers (where our BTS are installed) approximately 50% of which are from independent owners and local entities, which we believe enables us to obtain generally favorable leasing terms. The vast majority of our tower-rental agreements are long-term with a residual life of 14 years and provide for a tacit renewal. The remaining towers are either secured under IRU contracts or owned and built on land where we own surface rights.

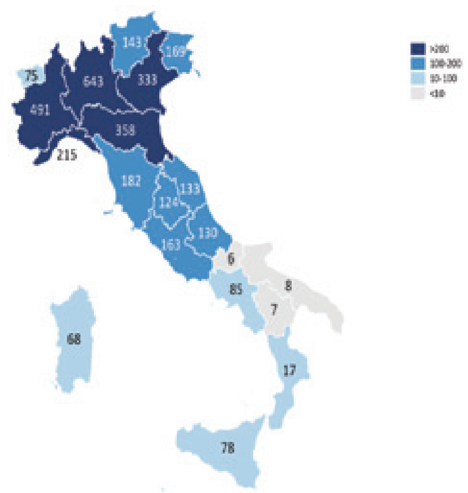
Our infrastructure network comprises modern and state-of-the art equipment. Over the last three years to March 31, 2021, we invested approximately €300 million in Adjusted Capital Expenditures and €239.0 million in acquisitions of property, plant and equipment. During this period, our network coverage has expanded from 5,900 municipalities in 2018 to 6,300 municipalities in 2021, from 66% to approximately 80% of households in our Target Addressable Market and from 0.5% in 2018 to 34.6% in 2021 of our Target Addressable Market in the South of Italy and Italian islands. The number of BTS reached approximately 3,400 on August 31, 2021 (an increase of approximately +45% compared to March 31, 2018). Between 2019 and 2021, we increased the internet access capacity of our network from 720 Gbps to 2,250 Gbps, with the large part of this increase achieved during 2020 in order to cope with the increase in data traffic and internet usage during the COVID 19 pandemic. As a result, our network today has sufficient capacity to support our expectations of an exponential growth in data consumption.

The graphics below show our FWA network coverage by region as percentage of households and number of active BTS covered as of June 30, 2021.

FWA NETWORK COVERAGE BY REGION AS PERCENTAGE OF HOUSEHOLDS



FWA NETWORK COVERAGE BY REGION AS NUMBER OF ACTIVE BTS



We believe our largely proprietary infrastructure network is unique and provides us with a number of competitive advantages. It is the only FWA infrastructure network in Italy already deployed and that guarantees an 80% coverage of our Target Addressable Market, which provides us with a clear "first mover advantage". Our network is an end-to-end network built on largely proprietary infrastructure or operated under long-term contracts. Our backbone and distribution networks are secured through long-term quasi ownership contracts with leading providers. The network is resilient, has ample spare capacity and ensures best in class performance even at traffic peaks. We have a diverse high-frequency spectrum ownership, representing the second largest spectrum ownership of the26 GHz spectrum and the 28 GHz spectrum in Italy. Finally, our network enables us to offer market leading speeds of 100 Mbps and, for selected business customers, up to 1 Gbps.

Our infrastructure network represents a significant barrier to entry in our Target Addressable Market given the large investments required to build the network and the economic disadvantages that would result from an overbuild in the same areas, such as such as the risk of lower penetration and inability to reach the optimal saturation levels for each installed BTS. By offering our excess capacity in our Target Addressable Market to other telecommunications operators under wholesale arrangements, we retain our infrastructure leadership while discouraging competitors from deploying their own FWA network; instead the operators rely on our state-of-the-art infrastructure. In addition, the provision of a 28 GHz offering requires significant technical capabilities and capital investments as well as spectrum licenses that are not easily obtainable for operators lacking familiarity with the spectrum license tender process. We believe our business is protected also by our capillary local presence, technological know-how and proprietary network planning software and capabilities.

Superior utility-like offering resulting in high customer satisfaction, low churn rates and high proportion of subscription-based revenues.

We have a superior utility-like service offering that is underpinned by a high proportion of subscription-based revenues from recurring monthly debits by customers, market leading low churn rates and high customer satisfaction levels.

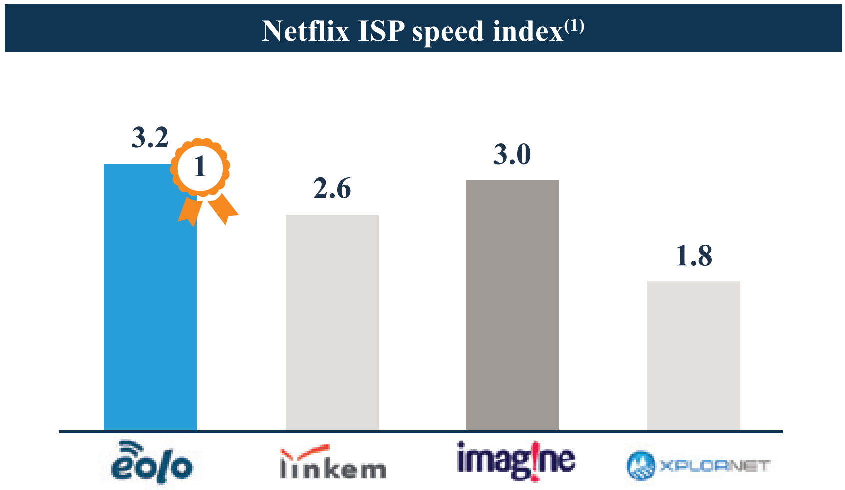
Our revenues generated by monthly subscription contracts represented 94%, 94% and 93% of our total revenues and other income for the twelve months ended June 30, 2021, the year ended March 31, 2021 and the year ended March 31 2020, respectively.

Our B2C offering includes a monthly subscription-based solution (*i.e.*, *EOLO più*) and a prepaid solution (*i.e.*, *EOLO Quando Vuoi*). Our monthly subscription-based solution, currently at €24.90 per month, includes unlimited voice, and can be bundled with three additional packages that enable better connections or quality of service based on customer needs ("Entertainment" (streaming and gaming), "Study & Work" (studying and remote working applications) and "Security" (antivirus and parental control)), which increases the monthly price to up to €36.90. Approximately 76% of our B2C Subscribers using our monthly subscription solution chooses at least one additional service as of March 31, 2021. Our revenues generated through sales to B2C Subscribers are mostly entirely derived from subscription based solutions (99%, 99% and 100% in the years ended March 31, 2021, 2020 and 2019, respectively). Only 1% of our revenues generated by sales to B2C Subscribers derive from sales to pre-paid customers that typically use our services on a seasonal basis (such as during vacation periods), which further illustrates the stable nature of our customer base and revenues.

Our high-quality service is reflected by market leading low churn rates and stable Blended ARPU over time. For the years ended March 31, 2019, 2020 and 2021, our Blended Churn Rate was 11.8%, 10.8% and 12.5%, respectively. These levels compare with average churn rates for the Italian broadband market over such periods of 26.3%, 22.7% and 24.2% respectively. Our average Blended Churn Rate 2019-2021 of 11.7% is in line with the churn rate for FTTH (10% average for the years 2016 to 2019) and considerably lower than churn rates for other fixed broadband technologies, such as FTTC (22% average for the years 2016 to 2019) and ADSL (40% average for the years 2016 to 2019). In the year ended March 31, 2021, we experienced a slight increase in churn rates due to the COVID-19 lock downs, which led to higher network saturation and increases of technical issues. In general, however, the low levels of our Blended Churn Rates reflect the loyalty of our customer base and its high satisfaction levels.

Our Blended ARPU has been stable over the past three years, amounting to €29.9, €29.8, €29.5 and €29.4 per month in the years ended March 31, 2019, 2020 and 2021 and the twelve months ended June 30, 2021, respectively.

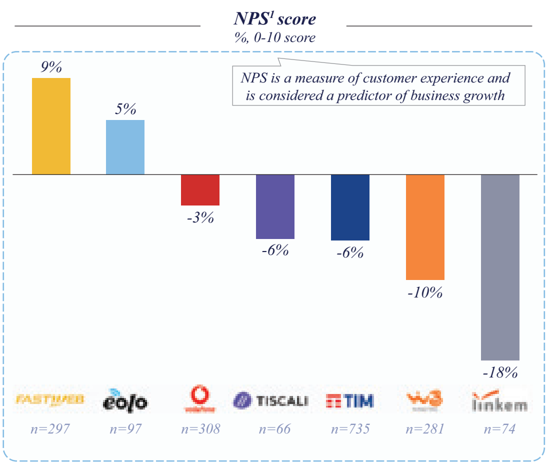
The chart below shows the average score in the FWA market as of June 30, 2021, based on the Netflix ISP speed index.



(1) Based on Netflix ISP speed index as of August 2021 (Netflix bitrate: 1 Mbps=low; 4 Mbps=high).

In addition, our customer service is supported by our capillary-like presence in our Target Addressable Market through our FWA network itself, which due to our network of professionals and system integrators located in the different regions, has resulted in a strong territorial presence that has allowed us take advantage of the deep territorial knowledge gained through the years, in morphological (*i.e.*, geographic features, building and population density) and technical terms. This is supported by a wide network of 1,500 installers who have a broad and deep knowledge of their local market characteristics, customer base and competitor behavior. This capillary-like presence has been developed over the years through our experience and research and development investments. We use our proprietary software, including G-EOLO (our location intelligence system) and Datawave (our management tool for development and assurance processes, inventory and warehouse management) to support our local presence. Our capillary local presence enables us to offer best-in-class intervention services and low time to market reflected by our average time to market of 10-14 days (from order to activation). In addition, our trained installer base offers an effective maintenance and repair service and enables us to effectively capture cross-selling opportunities. We believe that this bespoke approach distinguishes our offer from that of the large FTTH/FTTC groups and other Italian FWA operators that do not have this deep presence in, or our demonstrated commitment to, our Target Addressable Market.

Our high Net Promoter Score at national level ("**NPS**") (as of November 2020) reflects our high customer satisfaction, ranking EOLO as the second best-in-class after the national FTTH leader Fastweb.



(1) NPS is calculated as promoters (respondents with 9 or 10 score)—distractors (respondents with 0-6 scores) divided by all respondents.

We believe that our strong NPS score, the strong loyalty of our customer base as reflected by our market leading low churn rates and the high proportion of subscription based revenues provide us with stability and predictability in our financial performance and demonstrate the utility-like nature of our service offering.

Strong financial performance with high profit margins and large proportion of success-based capital expenditures resulting in attractive cash flow dynamics.

We have a demonstrated a strong financial performance with a high growth in revenues and Adjusted EBITDA. In addition, our high profit margins, high proportion of success-based growth capital expenditures and structurally negative working capital provide us with attractive cash flow dynamics and a high degree of control over our cash flow generation.

As compared to the year ended March 31, 2019, our total revenues and other income, and Adjusted EBITDA increased from €129.8 million, and €67.7 million to €198.3 million (a CAGR of 20.7%) and €107.9 million (a CAGR of 23.0%) for the twelve months ended June 30, 2021. Over the same period, our loss for the year/period increased from €0.5 million to €14.9 million. The increase in total revenues and other income and Adjusted EBITDA was driven by a significant growth in our subscriber base at a CAGR of 19.6% from March 31, 2019 to June 30, 2021 and a stable Blended ARPU. Over this period, our Adjusted EBITDA margins increased from 52.2% to 54.4% driven by our strong revenue growth and economies of scale deriving from our network scalability. We expect our Adjusted EBITDA margin to improve as we continue to grow our network coverage and customer base. We should also benefit from decreasing subscriber acquisition costs ("**SAC**") (as a proportion of revenues) as our growth rates normalize. Additionally, we expect that by selling excess capacity to other operators and growing our Wholesale business, we can increase the utilization of our asset base and benefit from operating synergies.

We achieved strong financial performance during the COVID-19 pandemic due to the growth of our B2C and B2B customer base resulting in an overall 19.6% growth in our subscribers between March 31, 2020 and March 31, 2021, and benefited from the increased, accelerated investments that we made at the start of the pandemic in order to adapt our network capacity to a growing demand for broadband capacity and services, particularly in fiber backhauling and the rollout of our 28 GHz service.

We have invested approximately €300 million in Adjusted Capital Expenditures and €239.0 million in acquisitions of property, plant and equipment during the three year period. Our Adjusted Capital Expenditures have grown at a CAGR of 17.9% from 2019 to 2021 to sustain an increased geographic coverage, a larger customer base and an increase of our network capacity to support the growing data traffic during the pandemic. We have made significant investments to support growth, mainly for CPE, including the higher cost 28 GHz CPEs, and BTS/backhauling infrastructure. Investments in CPEs (including installation) and BTS represent the large majority of our Adjusted Capital Expenditures, equal to 83.7%, 83.0% and 79.7% of the total for the years ended March 31, 2019, 2020 and 2021, respectively. For the years ended March 31, 2019, 2020 and 2021, approximately 63.0% , 64.3% and 62.4%, respectively of our Adjusted Capital Expenditures are growth-related with the balance related to investments aimed at preserving our current customer base (*e.g.*, maintenance, network upgrading and subscriber base upselling toward 28GHz spectrum). Of our Growth Adjusted Capital Expenditures, the majority relates to CPE and are therefore success-based. CPEs is installed only after the execution of a new contract with the client and if the client decides to terminate the contract, we charge a penalty to retrieve CPEs from a customer's premises. The remaining Growth Adjusted Capital Expenditures relate to increases in data capacity and BTS investments, which are determined by our data driven technologically advanced network development applications, which have proven successful so far in identifying new areas of profitable growth. For these reasons, we believe that a large proportion of our Growth Adjusted Capital Expenditures are low risk, success based and closely related to the growth in our customer base.

We also believe we can exert a good degree of control over our cashflow generation capability. Expenditures related to the purchase of CPEs and BTS represent the largest portion of our Adjusted Capital Expenditures. We enter into arrangements with suppliers that include purchase commitments of up to one year; however, our arrangement with Cambium, our current major supplier of CPEs, includes purchase commitments of up to three months. As a result, we have low proportion of committed capital expenditures. In addition, a significant component of our costs are marketing and sales costs, which are mainly variable as they relate to new subscriber acquisition and therefore they increase in absolute value alongside customer base. The short commitment period of our largest capital expenditure items and the significant proportion of operating costs directly linked to new customer acquisitions provide us with additional cashflow flexibility in periods of low market growth or periods of reduced investments in network growth. Our cashflow generation is also supported by a structurally negative working capital as retail customers are billed in advance on a bi-monthly basis.

Our business has a demonstrated ability to generate robust cashflows pre-growth capital expenditure. Over the last three years, our Cash Available for Debt Service (pre-growth) amounted to €28.6 million in 2019, €43.8 million in 2020 and €57.5 million in 2021, resulting in robust Cash Conversion of 42.2% in 2019, 50.0% in

2020 and 53.4% in 2021. We have historically reinvested these cashflows in our business to sustain our increased geographic coverage and network expansion. For the same periods, our net cash flows generated by operating activities was €56.8 million, €83.3 million and €91.6 million, respectively.

We plan to continue to invest in growth capital expenditures to expand our network coverage and subscriber base and exploit the substantial growth opportunity presented by our Target Addressable Market, which we expect will continue to generate a profitable revenue growth deriving from our operating leverage and scalable business model. We intend to continue to use our internal cashflow generation to finance our growth together with the additional liquidity raised through the Transactions and to pursue a prudent financial policy carefully monitoring our financial leverage and maintaining sufficient liquidity sources. We expect that our high profit margins, low maintenance capital expenditures, high proportion of success-based growth capital expenditures, low committed capital expenditures and structurally negative working capital will continue to provide us with attractive cashflow dynamics and a high degree of control over our cashflow generation.

Highly committed Sponsor investing in unique infrastructure network and strongly experienced management team with clear industry vision.

We are supported by our highly committed sponsor, Partners Group, and our founder and Chief Executive Officer and senior executive team. As part of the Acquisition, funds managed and/or advised by Partners Group and our founder are contributing €910.1 million of new equity (consisting of equity and subordinated shareholder loan) funds and rollover equity funding (consisting of equity and subordinated shareholder loan) to the Group, representing approximately 70% of our capitalization as adjusted for the Acquisition. We believe this investment reflects our shareholders' commitment to the business.

Our founder and Chief Executive Officer, Luca Spada, founded the business in 1999, and has guided us through our development and growth over the last twenty years with his clear industry vision and emphasis on developing proprietary solutions to the challenges faced in offering state-of-the-art FWA services to the underserved suburban and rural areas of Italy, thus closing the digital and speed divide for these areas. Luca Spada will indirectly re-invest in EOLO through his vehicle Cometa, retaining a 25% ownership and will continue to act as CEO and a member of our board of directors.

The eight members of our senior executive team have over 170 years of combined telecommunications and technology experience gained at leading participants in the sector, including Vodafone, Open Fiber, TIM, BT, Sky, Fastweb, Metroweb and Iliad. Our management has a strong track record of delivering strong organic growth and successfully completing large capital expenditures investment plans.

Moreover, following the Acquisition, we expect to benefit from the market expertise, business relationships, knowledge and experience of Partners Group, which is a global private markets investment management firm. The acquisition of EOLO is financed with dedicated infrastructure capital. In private infrastructure, Partners Group manages assets of USD 16 billion and has on behalf of its clients directly invested in more than 140 businesses and assets since inception. The investment focus in private infrastructure is on companies and assets that combine recurring cash flows with value creation opportunities. We expect therefore to benefit from Partners Group track record and expertise in the infrastructure sector, including in particular the telecommunications sector.

Our Strategies

We intend to grow our business and maintain our market leadership by implementing the following strategies:

Continue the technological upgrade of our FWA network to offer higher connection speeds and improved quality of service.

Our technological know-how represents an important driver of our success and a distinct competitive advantage. Our proprietary data-driven network planning and cost-conscious approach to new installations have historically yielded successful network expansion, generated high customer satisfaction levels and supported our profitable growth. We intend to continue the technological upgrade of our infrastructure network to offer high connection speeds and improved service quality, to upsell our service offering to our existing customer base and to manage our churn rate. Our network upgrade is based on three key pillars:

- *Migration from EOLO Wave to EOLO Wave G*. EOLO Wave is the FWA broadband service which leverages the 5GHz unlicensed spectrum (or 3.5 GHz in Valle d'Aosta) and offers a maximum download speed of 30 Mbps. EOLO Wave G is the ultra-broadband FWA service using the 28 GHz licensed spectrum and offers a maximum speed of 100 Mbps and up to 1 Gbps for selected B2B customers (*i.e.*, customers who have a PTP connection). As of June 30, 2021, approximately 76% and 23% of our customers relied on EOLO Wave and EOLO Wave G, respectively, for their connectivity. In recent years, we have started to increase our 28 GHz presence and migrate subscribers from 5 GHz to 28 GHz plans. The historical churn rate is higher on 5 GHz products as compared to 28 GHz products as 28 GHz products have higher performance. As a result, one of the tools that we have to proactively prevent churn is to offer upgrades to customers who may be served by BTS that are over-utilized in the 5 GHz bandwidth. As we increase our 28 GHz presence, we intend to follow our roadmap to attain download speeds of up to 300 Mbps in the near future and provide this solution to all of our customers relying on EOLO Wave G for their connectivity.

- *Expansion of our fiber backhauling*. Our distribution network is based on fiber backhauling and radio links. Our fiber backhauling provides direct fiber connections which bring higher capacity and availability as compared to our radio links. Our fiber backhauling is secured by leased capacity circuits. As part of our strategy to expand our fiber backhauling and therefore improve our network reliability and efficiency, in 2021 we signed an agreement with Open Fiber which secured us access to an additional 1,000 FTTA links.

- *Continuous development of our proprietary software and applications.* We continue to make investments to drive the development of our own digital infrastructure in order to improve reliability, coverage and speed. Our research and development efforts in recent years have included, and will continue to include, two main projects: 5G NR (New Radio) and traffic optimization. 5G NR is a new radio access technology developed for 5G mobile networks. It is designed to be the global standard for the air interface of 5G networks. In recent years, we have been working with our suppliers to develop a 5G NR standard compatible solution able to support FWA technology services. In our second main project, since 2014 we have developed our own BTS router with the goal of optimizing network traffic. We have also developed Otelma, our in-house designed software, which continuously applies traffic steering policies to avoid backhauling congestion. Our goal is to leverage our research and development outputs and roll them out across our network to support the reliability, redundancy and efficiency of the services we provide.

Accelerate network expansion to cover underserved White and Grey Areas in our Target Addressable Market to acquire new customers.

We intend to accelerate the nationwide expansion of our FWA infrastructure network, particularly in the South of Italy where we have less of a presence. Our FWA network presently covers approximately 80% of households in our Target Addressable Market and we expect this coverage to increase significantly following expansion of our fiber backhauling, the deployment of new 28 GHz BTS and the upgrade of existing BTS. We plan to continue to manage carefully our FWA network expansion and maximize our network efficiency leveraging the following:

- *Our network planning tools*. We will continue to use our proprietary, data-driven network planning and installation tools and applications, such as EOLIA and G-EOLO. Using these tools, we carry out in-depth analyses using multiple criteria to assess potential new development areas, including: the coverage request coming from a certain area, the market potential, socio-demographic characteristics and the competitor presence. This process allows us to assess a suitability score to each area and to highlight the most profitable areas for our coverage expansion. After the area has been identified, we conduct the on-site survey to choose the optimum tower sites and finalize the technical configuration. The process ends with the devices being activated and configured by EOLIA. By using this process and our proprietary software application EOLIA, we have been able to optimize our selection process for new installations and achieve attractive payback periods for our investments in network expansion.

- *Deep territorial knowledge*. Our installers represent a unique asset and are critical to our success. We have been supporting the creation of our community of installers providing continuous training, assistance, supporting tools and applications and engagement activities. Installers are selected based on their connections with the territory and their experience and we believe this will help us acquire customers in underserved areas and build our new customers' loyalty, as installers represent a trusted point of reference for customers.

The large majority of the investments that we have made over the past three years to expand our FWA network included investments in CPE (including installation) and BTS (equal to 83.7%, 83.0% and 79.7% of our Adjusted Capital Expenditures for the years ended March 31, 2019, 2020 and 2021, respectively). For the years ended March 31, 2019, 2020 and 2021, approximately 63.0% , 64.3% and 62.4%, respectively, of our Adjusted Capital Expenditure are growth-related with the balance related to investments aimed at preserving our current customer base (*e.g.*, maintenance, network upgrading and subscriber base upselling to 28 GHz spectrum solutions). Of our Adjusted Growth Capital Expenditures, the majority relates to CPE and is therefore success-based. Our remaining Adjusted Growth Capital Expenditures relate to increases in data capacity and BTS investments, which are driven by our data driven technologically-advanced network development applications, which have proven successful so far in identifying new areas of profitable growth. For these reasons, we believe that a large proportion of our Adjusted Growth Capital Expenditures are low risk, success based and closely related to the growth of our customer base. We intend to continue to be disciplined in our selection process of new areas of profitable growth.

We believe that we are well-positioned to expand our subscriber base in Grey II and White areas for the reasons outlined in the table below.

BB Areas	EOLO's strategy
Grey II	• Target an underpenetrated market of 4.6 million households with better technology (FWA) than currently available (FTTC and ADSL), and where FTTH coverage is not expected. • The Government is concentrated on bridging the digital divide and therefore we expect that future government tenders will be focused on areas where EOLO is not already present. • The Government may offer public subsidies to private operators in underserved areas where none are currently present or plan to expand into; this may offer upside potential related to areas currently not included in EOLO's network coverage plan that has been shared with the Government.
White I	• Target an underpenetrated market of 4.0 million households currently served with low-speed broadband and where FWA is the best technological alternative to FTTH. • FWA and FTTH can co-exist in White I areas for the long term and jointly address the digital divide. FTTH is not expected to be rolled out in 100% of White I households due to high technical KO rates and expensive last mile connection. • Open Fiber's delay in network roll-out opens a window of opportunity for EOLO to capture subscribers first and then prevent these subscribers from changing to other operators when EOLO is rolled out by offering speeds that would be sufficient for most consumers. EOLO will also be able to re-sell Open Fiber's open-access FTTH to its customers as a churn mitigation tactic.
White II	• Target underpenetrated market of 2.9 million households with better technology (FWA) than currently available (FTTC and ADSL), and where no FTTH coverage is currently foreseen. • Pre-empt Open Fiber's FWA network roll-out by rolling out its own network first. Considering the delay in Open Fiber's roll-out plan (only 3.6% of FWA network has been completed as of August 2021), and EOLO's territorial and technological knowledge, we believe EOLO has a strong competitive edge. As of February 2021, Open Fiber received 321 FWA orders (81% KO rate compared to 25% KO EOLO's rate).

Continue expansion of our wholesale footprint.

As the first mover in our Target Addressable Market, we have established a high-quality infrastructure network which is difficult to replicate in a cost-efficient way. We currently offer and expect to continue to offer our excess capacity to other national operators that can exploit EOLO's infrastructure to either sell solutions to new customers who are located in areas where such operators do not have a network infrastructure or migrate customers currently served through underperforming technologies in our Target Addressable Market. In addition, we plan to expand our wholesale channel by selling our solutions to independent and local ISP who are not able to sustain the network investments required to update their wireless networks with the latest technologies or to adapt their capacity to the increased traffic.

We intend to aggressively expand our wholesale offering as we see a number of benefits that we can achieve from doing so. Offering our excess capacity to other operators will reduce our subscriber acquisition costs, thereby helping to de-risk the commercial strategy of our core B2C and B2B businesses and discourage competitors from deploying their own FWA network, and instead having competitors rely on our state-of-the-art infrastructure. The resulting growth in the subscriber base should enable us to improve our network efficiency by utilizing available capacity with no impact on the connection quality for our customers. In addition, we believe that expanding our wholesale offering in areas where we are the sole provider of FWA services will help manage our churn rate as customers switching among operators hosted on our network will nevertheless continue to use our infrastructure. Additionally, we expect that by selling excess capacity to other operators and growing our wholesale business, we maximize the utilization of our asset base further benefitting from operating synergies.

Prior to 2021, our wholesale distribution was limited only to B2B customers through the agreement signed with Wind 3 and other operators. Following the recently announced memorandum of understanding with TIM, we intend to expand our wholesale distribution to B2C customers. We intend to sell to our Wholesale Subscribers through other ISPs, system integrators and national (*e.g.*, Retelit, Fastweb and Vianova) and international (*e.g.*, Sparkle, NTT, Telefònica, Verizon, BT and AT&T) internet providers. We expect that our wholesale strategy will be a key driver of our future growth in subscribers and market share.

Capitalize on attractive organic and inorganic growth opportunities.

We will continue to evaluate additional organic and inorganic growth opportunities in the FWA market in Italy and outside Italy over the medium term to long term.

In particular, we may consider options with respect to launching our own mobile offering in order to further enhance our existing customer proposition by cross-selling mobile services, thus encouraging our customers to subscribe to both fixed-line and mobile services, which we expect will result in a reduction of customer churn rate. We intend to apply a strategic cost-benefit analysis to evaluate potential targets and growth opportunities and only pursue such growth opportunities that are accretive to cash flow generation.

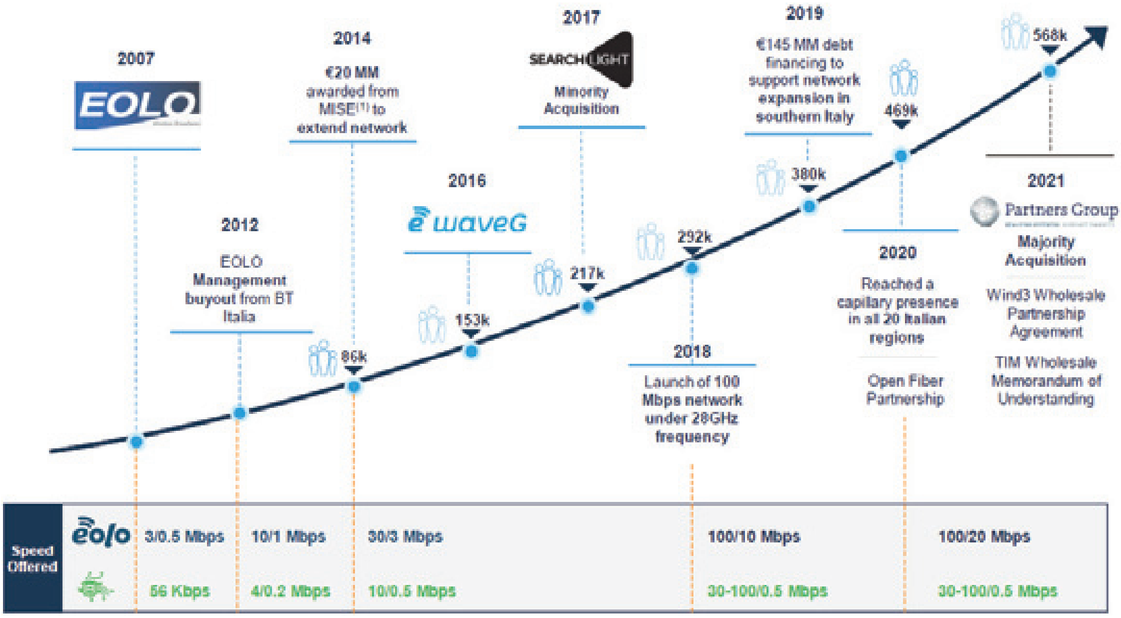
In addition, we may selectively consider opportunities for consolidation in the fragmented FWA market in Italy, which includes a number small local FWA operators.

In the longer term, we will explore the potential exporting of our FWA business model to other appropriate European markets that have market characteristics and competitive dynamics that are similar to those of the Italian market.

Our History

In 1999, our Chief Executive Officer ("**CEO**") Luca Spada founded NGI S.p.A. ("**NGI**") a videogame players' community, which became the principal forum for Italian gamers.

As it continued its development, NGI was acquired by I.NET in 2000, which became part of BT Italia in 2007. In 2007, "EOLO", a solution providing internet services through a then innovative fixed wireless radio technology that used television tower bandwidth to cover areas which would otherwise not have broadband internet connectivity, such as mountain valleys and sparsely populated areas, was first offered to customers. In 2012, BT Italia sold NGI to our current main shareholder Cometa, a company controlled by our CEO Luca Spada and minority shareholders. In 2014, we were awarded €20 million in contributions by the MED to extend our network in five Italian regions (*i.e.*, Liguria, Marche, Emilia Romagna and Abruzzo). In 2016, NGI changed its name to EOLO and developed EOLO Wave G, our technology using the 28 GHz spectrum. In 2017, Searchlight Capital Partners L.P. (via SCP EPC UK Limited) acquired 49% of EOLO. In 2018, we launched the first 100 Mbps ultra-broad band FWA network in Italy. In 2019, we obtained financing of approximately €145 million from a pool of financial institutions to expand our network in the south of Italy.



Our Offering

We offer a wide range of fixed-line voice and Internet broadband and ultra-broadband services to both consumer and business customers, mainly using our proprietary FWA network, which allows fixed wireless internet access to homes or businesses without laying fiber and cables to provide last mile connectivity. This enables us to provide ultra-high-speed broadband to sub-urban and rural areas where the topography and population density result in the cost of laying fiber or maintaining fiber lines being prohibitively expensive. See "*Industry*."

In addition, in 2020, we launched a fiber resale service through a supply agreement with Open Fiber which allowed us to utilize Open Fiber's infrastructure in all municipalities where Open Fiber is present. We divide our offering into the following three segments:

B2C

As of June 30, 2021, we have approximately 490,700 B2C Subscribers. For the twelve months ended June 30, 2021, revenues generated through sales to B2C Subscribers accounted for approximately 68.50% of our revenues. From the year ended March 31, 2019 to the twelve months ended June 30, 2021, our revenues generated through sales to B2C Subscribers increased from €78.8 million to €135.9 million.

Our B2C offering includes modular commercial offerings designed to address different users' needs with dedicated add-on packages. Our main B2C solution is EOLO più, a monthly subscription-based solution that can be bundled with three additional packages that enable better connections or quality of service based on customer needs: "Entertainment" (streaming and gaming), "Study & Work" (studying and remote working applications) and "Security" (antivirus and parental control). For a fixed monthly fee (minimum price is €24.90 per month) EOLO più provides customers with a router, unlimited fixed-line voice services and unlimited internet connectivity with download speed between 30 and 100 Mbps (using the FWA technology) or up to 1000 Mbps (using the FTTH technology where available).

We also offer our Customer Subscribers EOLO Quando Vuoi, a prepaid (*i.e.*, the customer pays in advance for a specified volume of use over a specified period) solution designed for seasonal customers, providing unlimited internet connectivity with download speed up to 30 Mbps.

For the twelve months ended June 30, 2021, approximately 99% of our B2C revenues are generated from non-seasonal customers acquiring EOLO più and approximately 1% from seasonal customers acquiring EOLO Quando vuoi.

B2B

As of June 30, 2021, we have approximately 75,900 B2B Subscribers For the twelve months ended June 30, 2021, revenues generated through sales to B2B Subscribers accounted for approximately 25.01% of our total revenues. From the year ended March 31, 2019 to the twelve months ended June 30, 2021, our revenues generated through sales to B2B Subscribers increased from €38.4 million to €49.6 million.

Our B2B offering includes bespoke solutions to meet the needs of the various B2B Subscribers including, connectivity services for SoHo and Business customers to whom we offer shared solutions and services for TOP customers to whom we offer services through high-end connectivity and dedicated infrastructure.

Our main B2B solutions are:

- EOLO Impresa: a monthly subscription-based solution designed for Business and TOP customers requiring up to 20 workstations. For a fixed monthly fee (minimum price is €50.00 per month), EOLO Impresa provides Business or TOP customers with certain services, including unlimited internet connectivity with download speed between 30 or 100 Mbps.

- EOLO TOP: a monthly or annual subscription-based solution designed for Business and TOP customers, requiring more than 20 workstations. *EOLO TOP* includes a number of services, such as unlimited internet connectivity with download speed between 100 Mbps and 1 Gbps.

- EOLO Professional: a monthly subscription-based solution designed for SoHo customers, who, for a monthly fee (minimum price is €24.90 per month), receive a router, and unlimited voice services, dedicated assistance, unlimited internet connectivity with download speed between 30 and 100 Mbps.

In addition, we offer our B2B Subscribers our pre-paid solution EOLO Quando Vuoi (EOLO When You Want It). See "*—B2C.*"

Wholesale Channel

As of June 30, 2021, our B2C and B2B Subscribers include approximately 48,500 Wholesale Subscribers.

We sell to our Wholesale Subscribers through internet service providers ("**ISP**"), system integrators and national (*e.g.*, Wind, Retelit, Fastweb, Vianova) and international (*e.g.*, Sparkle, NTT, Telefònica, Verizon, BT, AT&T) internet providers.

Historically our wholesale distribution was only to B2B. However, we plan to strengthen our wholesale offering in the future relying more on big national and international providers and therefore expand our wholesale offering to retail customers. We intend to carry out a B2C acquisition strategy focused on (i) expanding wholesale partnerships with large operators to migrate customers currently served through non-performing technologies, and (ii) small ISPs not able to sustain investments required to keep their own wireless networks updated with latest technologies or to adapt their capacity to increased traffic. In furtherance of the strategy to partner with large operators, in 2020 we have signed an agreement with Wind 3 and announced a memorandum of understanding with TIM, to launch strategic partnerships project in Italy's "white areas' (*i.e.*, rural areas) in which TIM and Wind 3 will be able to provide internet access services to their customers using our proprietary infrastructure network.

FTTH

As of June 30, 2021, we have approximately 1,400 Fiber Subscribers. For the twelve months ended June 30, 2021, revenues generated through sales to Fiber Subscribers accounted for less than 0.18% of our revenues.

We provide a fiber service as alternative solution to complement our FWA offering, ensuring fulfilment of our customers' requests where a specific FWA connection cannot be delivered and where a FTTH connection is available. In 2020, our FTTH offering was released in the Black Areas (*e.g.*, medium-sized cities) and we plan to release it in these areas of our Target Market and where a FTTH connection is available in the near future. We offer to Fiber Subscribers our EOLO Più solution based on the FTTH technology. Our FTTH offering is supported by contractual arrangements we have entered into with Open Fiber to utilize their FTTH infrastructure.

Research and Development ("R&D")

Our R&D activities are carried out at our headquarter in Busto Arsizio by a dedicated team of engineers, researchers and technicians. Among the technologies assessed and approved by our R&D team are certain extremely important technologies to support our functions, including our proprietary software EOLIA, G-Wave, Blue and Data Wave.

We have incurred and continue to incur significant investments to drive the development of Italy's digital infrastructure, increasing reliability, coverage and speed. Our R&D activities focus on two areas:

- Preliminary analysis, study, design and development of new technical solutions, including our geo-intelligence system, automation of marketing and customer journey processes and enhancement of big data system integrations; and

- Research of innovative solutions in the network area: core network evolution to support growing network traffic, design and functional development activities for the realization of a network infrastructure based on 26/28 GHz frequency and enhancement of the network design by using "small cell" technology and new coverage maps.

Our R&D efforts in recent years have included two projects:

- *5G NR (New Radio)*. 5G NR is a new radio access technology developed for the 5G (fifth generation) mobile network. It is designed to be the global standard for the air interface of 5G networks. In recent years, we have been working with our suppliers to develop a 5G NR standard compatible solution able to support FWA services. The diffusion and evolution of 5G based solutions has also the potential to produce—according to the amount of usable spectrum portions—an easy and effective performance improvement in our FWA services.

- *Traffic optimization*. Since 2014, we have engaged in research and development efforts regarding our own BTS router with the goal of optimizing network traffic. We have also developed Otelma, our in-house built software, which continuously applies traffic steering policy avoiding backhauling congestion.

Our R&D initiatives had a key role in supporting the development of our network planning tools. See "—Network and Infrastructure—Network Planning."

Our Properties

Offices

Our corporate headquarters are located in Busto Arsizio (VA), which we lease from third parties. In addition, we have service agreements with third parties, which grant us the right to use offices in Rome and in Padua.

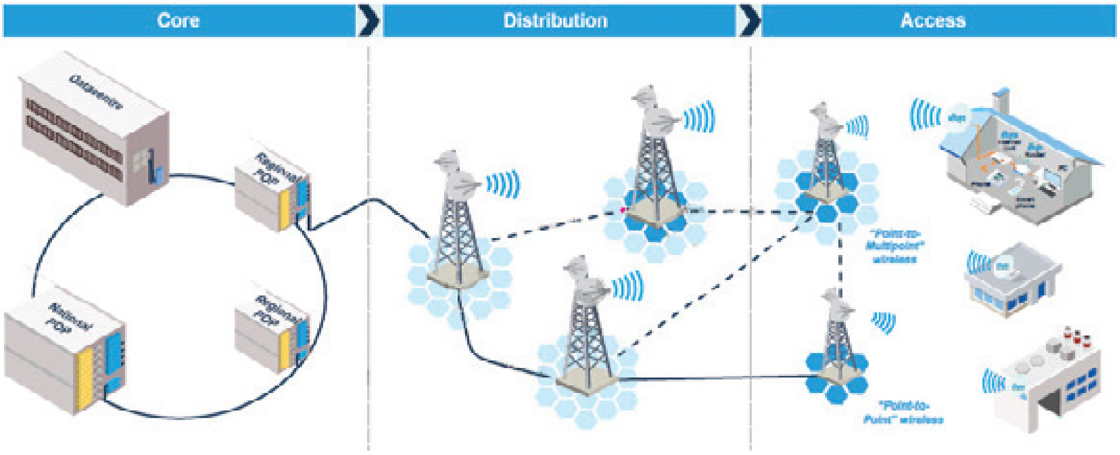
Network

We have secured our approximately 14,800 kilometers of dark fiber under long term contracts (duration between 15 and 18 years) with main wholesale operators and public infrastructure providers (*e.g.*, Fastweb and TIM) providing us with an indefeasible rights of use ("**IRU**"). In addition, for our radio backhauling we use leased capacity fiber circuits. We lease capacity from other providers, including TIM and Fastweb. In 2021 we signed an IRU contract with Open Fiber providing us with additional 1,000 FTTA links to BTS.

Our infrastructure mainly leverages third party towers through rental agreements. We rent space on 3,000 towers (where our BTS are installed) mainly from independent owners, such as Inwit or EI Towers, with whom we have rental agreements through 2035, and local entities. The vast majority of our tower-rental agreements are long term and provide for a tacit renewal. The remaining towers are owned and built on land where we own surface rights.

Network and Infrastructure

Our unique network reaches more than 6,700 municipalities as of June 30, 2021, and covers more than 80% of the households in all Italian regions. We provide our services through our core, distribution and access networks, which are fully integrated between themselves to deliver an end-to-end experience to our customers.



Core Network

A core network provides nationwide IP routing functionalities within certain physical locations called points of presence ("**POPs**"). We have four core national POPs (three in Milan and one in Rome) and four core regional POPs across Bologna, Verona, Turin and Pisa. One additional core regional POPs is in the deployment stage. Finally, we make use of two data centers, a main center in Siziano (Pavia) and a disaster recovery center in Brunello (Varese) connected through our backbone. Our backbone is secured by long term IRU contracts on third parties' dark fiber infrastructure of approximately 14,800 kilometers as of June 30, 2021 (an increase of more than approximately +416% since March 31, 2018).

Our national POPs, regional POPs and data centers are connected via dark fiber links. Dark fiber also connects the regional POPs to the main towers. See "*—Distribution Network.*"

Distribution Network

Our distribution network consists of circuits of towers, where our BTS are installed. The BTS act as a radio link between the distribution network and the customer premise. BTS are generally shared between multiple users but occasionally can be fully dedicated to a single client in case of specific capacity requirements (*e.g.*, large business customers). Transmission towers are connected via radio or fiber backhauls:

- *Radio Backhauling*. Our radio backhauling provides point-to-point ("**PTP**") radio links. It represents a fast and cost-effective solution, requiring the sole installation of microwave equipment (*i.e.*, transceiver and parabolic antenna) on the two BTS to be interconnected (under the condition that the parabolic antennas are in line of sight). As of March 31, 2021, we have approximately 3,600 radio links connecting BTS (an increase of approximately 41% compared to 2018).

- *Fiber Backhauling*. Our fiber backhauling provides direct fiber connections which brings higher capacity and availability compared to our radio links. Direct fiber connections are typically realized on BTS representing a central hub or a root within the network topology, or to close a network ring (eliminating single point of failure in the backhauling network). Our fiber backhauling is secured by leased capacity circuits. In addition, in 2021 we signed an agreement with Open Fiber to secure 1,000 FTTA links to BTS. See "*—Our Facilities.*"

We use the 26 GHz (24.5-26.5 GHz) and 6-11-18-80 GHz frequencies for our distribution network.

Access Network

Our access network or "*last mile*" is the part of a telecommunications network which connects the BTS to the subscribers, using the CPE. The CPEs are installed on customers' premises and act as radio terminal antenna, communicating with the BTS to provide internet service.

Our radio access is mainly based on technologies tailored to specific requirements to best fit our vendors' architecture to our service models. Such customizations are co-engineered by us and our local partners as a result of years of continuous refinements based on field experience and territorial knowledge. Our main providers of radio access equipment are the American company, Cambium Networks Ltd ("**Cambium**") and the Greek company, Intracom S.A. Telecom Solutions ("**Intracom**"). This equipment can provide either PTP (generally for

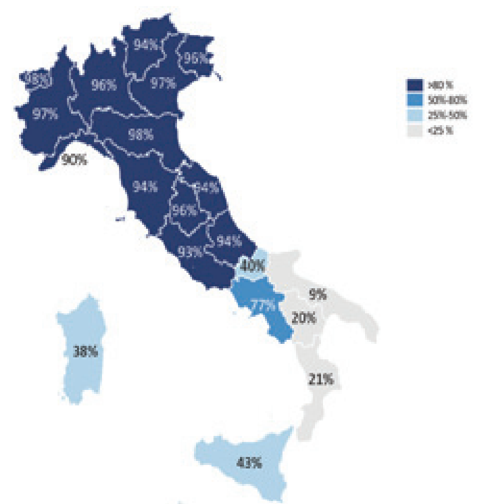
TOP Subscribers) or point-to-multipoint (“**PMP**”) connections. Our main access technologies which connect the BTS to the rooftop CPEs are:

- *EOLO Wave.* EOLO Wave is the FWA broadband service which leverages the 5GHz unlicensed spectrum (or 3.5 GHz in Valle d’Aosta). We have leveraged outdoor multi-user, multiple input, multiple output technology on our 5GHz network since 2015, allowing capacity increase under the same amount of spectrum and a better beam directionality, which renders the radio link more efficient. EOLO Wave provides a maximum speed of 30Mbps and a coverage range of approximately €20 kilometers from the BTS. We have built a sophisticated management system around this technology, allowing the network to achieve a high level of scalability and therefore to support the service quality overall. CPEs using the 5GHz spectrum have a cost of €172. As of June 30, 2021, approximately 76% of our customers relied on our EOLO Wave solution.

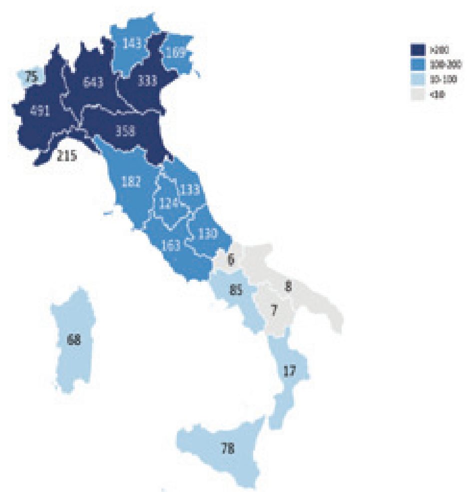
  EOLO Wave G. EOLO Wave G is the ultra-broadband FWA service using millimetric waves based on the 28 GHz licensed spectrum. We launched EOLO Wave G in 2017 to offer the first 100 Mbps FWA product, basically a worldwide prima. Due to the electromagnetic characteristics of the millimetric waves, the 28 GHz network design requires for tighter tolerances compared to networks based on lower frequencies. This has led us to adopt a control and validation process of 28 GHz implementation by working with dedicated measuring tools that ascertains the correct tilt and azimuth of the panel. This innovation has led to a higher quality level of the installations, not only for 28 GHz networks, but also for the rest of our network based on the 5 GHz frequency. Compared to EOLO Wave which uses the 5 GHz spectrum (an unlicensed band), EOLO Wave G uses the licensed 28 GHz spectrum, minimizing the external interferences and allowing us to improve the signal to noise ratio (the ratio of signal power to the noise power). EOLO Wave G provides a maximum speed of 100Mbps (up to 1 Gbps for selected customers) and a coverage range of approximately €5 kilometers from the BTS. CPEs using the 28GHz spectrum have a cost of €366. As of June 30, 2021, 23% of our customers relied on our EOLO Wave G solution.

The graphics below show our FWA network coverage by region as percentage of household and number of active BTS covered as of June 30, 2021.

FWA NETWORK COVERAGE BY REGION AS PERCENTAGE OF HOUSEHOLDS



FWA NETWORK COVERAGE BY REGION AS NUMBER OF ACTIVE BTS



Network Planning

We carry out in-depth analyses using multiple criteria to assess potential new development areas. We start by analyzing the coverage request coming from a certain area. Then we assess the market potential, socio-demographic characteristics and competitor presence. This process allows us to assess a suitability score to each area and to highlight the most profitable one for our coverage expansion. After the area has been identified on the map, we start the on-site survey to choose the best tower and finalize the technical configuration. Permits and contract information are managed and stored in our software EOLIA and are always synchronized with SAP, our enterprise resource planning software, to allow financial management. The process ends with the devices being activated and automatically configured by EOLIA which discovers and provisions them.

Customer operations

Customer Care

In order to serve our customer base, we aligned our customer service operation to the best practices of the telecommunications businesses. Over the last three years, we reorganized the Customer Care team pushing for a diversification and externalization of the workforce which has led to increased efficiency. As part of the reorganization, we formed a Customer and Operations team and restructured the HD, Customer Service, Credit and Delivery Operations teams into a singled organizational structure with common performance measurement metrics. As of June 30, 2021, we have approximately 40% of the total costs of our customer service attributable to our external provider in Albania (which means approximately 60% of the workforce is internalized). We are not planning to eliminate our internal resources, but we are aiming—in the near term—to achieve and maintain a 70-30% split between internal and external workforce. We are focused on improving our customer service to further increase customer satisfaction and decrease churn by offering our customers, *inter alia*, internet speed upgrades or CPEs replacements. We recognize our callers through artificial intelligence, algorithms and routing calls and have a linear and simple call interactive voice response menu, with customers immediately transferred to operators. Our Customer and Operations team includes approximately 101 agents, team leaders, operation managers and outsourced resources as of June 30, 2021. This personnel manage our provisioning, customer service, technical help desk, customer retention and credit recovery; some of these activities are outsourced. Our high NPS (as of June 30, 2021) further reflect our high customer satisfaction, ranking EOLO as the second best-in-class after the national FTTH leader Fastweb. In order to monitor our customer care services, we carry out customer satisfaction analysis (surveys, tickets, etc.) and service quality analysis. In addition, we check the numbers of malfunctions and churns through analysis by source (*e.g.*, absence of signal) and type (*e.g.*, customers navigating slowly).

Delivery Operations and Installers

We are involved in each step of the installation delivery. We have dedicated IT tools managing the order assignment, and provide both technical remote support and "in-field" assistance. We rely on a consolidated and trusted team of approximately 600 local contractor companies and 1,500 external technicians as of March 31, 2021. Our installers represent a unique asset and are critical to our success. We have been supporting the creation of our community of installers providing continuous training, assistance, supporting tools and applications and engagement activities. In addition, we have approximately 30 internal technicians as of June 30, 2021, who manage all activities taking place at the customer's premises, both during the installation phase and in the case of a technical error and guarantee on-demand and real-time technical support to each installer. Our installers also assist with extra-installation interventions/consultations (access devices connection, Wi-Fi management inside the building etc.) which provide us with further upselling possibilities. Our installers contribute to increase our customers' loyalty, representing a trusted point of reference and opportunity to collect useful data when entering our customers' premises. In addition, the majority of our installers (in return of a commission) also promote our services, which allows us to realize synergies and strengthen our national sale network. As of June 2021, approximately 88% of activations were achieved within 21 days from the order with a 10-14 days average time to market (from order to activation).

Suppliers

We purchase BTS and CPE customized solutions mainly from two wireless infrastructure providers, the American company Cambium and the Greek company, Intracom (the "**Vendors**"):

- *Cambium*. Cambium is the reference vendor for 5GHz. Under our non-exclusive supply agreement with Cambium, Cambium undertakes to make available for purchase and sell to us the PMP 450i and 450m access points, which are used for our EOLO Wave solution and to provide potential developments of such products. We signed our first agreement with Cambium in 2013 and have renewed it since then.

- *Intracom*. Intracom is the reference vendor for 28Ghz equipment. Under our non-exclusive supply agreement with Intracom, Intracom undertakes to make available for purchase and sell to us the WiBAS G5 macro-BS and WiBAS G5 micro-BS access points, which are used for our EOLO Wave G solution and to provide certain customization, support and maintenance services of such products. We signed our first agreement with Cambium in 2017 and have renewed it since then.

Our Vendors have been and will continue to be key for our business and any future development of our network as our FWA technology is mainly based on customizations of Vendor's proprietary architecture. We purchase our routers from third party suppliers, such as AVM GmbH and Digital Broadcast S.A.

See "*Risk Factors—Risks Related to our Business and Industry—We depend on third party telecommunications providers and other third parties over which we have no direct control for the provision of certain of our telecommunications services.*"

Employees

Our employees are located throughout our facilities in Busto Arsizio, Rome and Padua. As of June 30, 2021, we have 523 employees. There are seven departments, all reporting to our CEO, Luca Spada: Sales and Marketing (115 employees), Network and Technology (184 employees), Customer and Operations (144 employees), Staff (80 employees). We do not have a works' council and, as a consequence, we have not entered into local collective bargaining agreements.

We outsource our CPE installation and replacement to around 600 contractors and 1,500 technicians, that are trained by us, distributed across the country. See "*Customer Operations—Delivery Operations and Installers.*"

Environmental, Social and Governance

Over the last few years, we have been actively pursuing an improvement of our environmental, social and governance (ESG) performance as well as seeking to align our business objectives with Sustainable Development Goals of the United Nations (the "**SDGs**") in particular, SDG 9 (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation), SDG 10 (reduce inequality within and among countries).

We are subject to a broad range of environmental laws and regulations. See "*Regulation*." These laws and regulations impose increasingly stringent environmental obligations regarding, among other things, radiation emissions, zoning, the protection of employee health and safety, noise, and historical and artistic preservation. We could therefore be exposed to costs and liabilities, including liabilities associated with past activities. Our operations are subject to obligations to obtain environmental permits, licenses and/or authorizations, or to provide prior notification to the appropriate authorities.

Our objective is to comply in all material respects with applicable environmental and health control laws and all related permit requirements. We believe that the principal environmental risks arising from our current operations relate to the potential for electromagnetic pollution and for damage to cultural and environmental assets. In extreme cases, the penalty for repeat violations of the applicable environmental laws in Italy could result in administrative sanction, suspension and even revocation of our license.

Our environmental management system is equipped with established standards and processes and is built around the principles of ISO 45001. We have obtained the necessary certification to operate our network, including certificates addressing design, construction, installation, operation and maintenance of fixed-line telecommunications networks, occupational health and safety and social accountability.

On April 1, 2021 we changed our bylaws and became a "Benefit Company", pursuant to the Italian law no. 208 of December 28, 2015. Under Italian law, a Benefit Company is an entity that aims at the distribution of profits, but, at the same time, pursues one or more common benefit goals in favor of other stakeholders in the business, including people, communities, territories and the environment, cultural heritage, social activities, entities and associations, by working in a responsible, sustainable and transparent manner.

As a Benefit Company, we pursue some specific goals of common benefit and positive impact on society and the environment, including:

- The promotion of wide access to online and digital services as a fundamental tool of social inclusion, the promotion of the right to universal internet connection and the education to a correct and constructive use of such services by any citizen;
- The support of economic system prosperity and social welfare in various territories, with particular attention to geographically disadvantaged areas, more difficult to reach and at risk of depopulation, through connectivity and access to online services and digital services;
- The research and continuous development of synergies with institutions and other territorial entities of various levels to bridge the digital divide in Italy, contributing with skills and solutions, with particular attention to emergency situations.

The commitment to sustainability is an integral part to our corporate culture and lies at the core of our relationship with our employees, customers, suppliers and the broader society in which we operate. We strive to ensure a safe, fair and inclusive working environment for our employees offering them certain benefits *(e.g.*, company restaurant, electric car charging stations, indoor and outdoor parking, supplementary health policies, company cars etc.) and wellbeing initiatives (free internet connection, tax advisory, water and fresh fruit, company shuttle from/to station, changing rooms with showers for sports activities) in addition to our working from home policy (two days per week of remote working). Overall, we place great importance on our corporate social responsibility and our public image and endeavor to apply the highest ethical and legal standards when shaping our strategic goals and in our daily business activities. We strive to incorporate ethical and social responsibility principles in our internal guidelines and procedures. In addition, we give our employees extensive opportunities to develop their skills and talents (*e.g.*, we use competency evaluation programs and potential assessment system which allow to identify the expectations, potential, strengths and areas for improvement of our employees) and offer various training courses (*e.g.*, traditional classroom training, e-learning sessions, experiential training and team building).

Intellectual Property and Know-How

We have registered our most important trademarks such as "EOLO" or "EOLO wave" in Italy or in the EU. We do not own any registered patents or copyrights. We have developed and own proprietary software to design, roll-out and maintain our FWA network, including:

- G-EOLO: location intelligence system which uses internal information and external sources to identify market areas;
- EOLIA: centralized software for design, operations, management and monitoring. See "—Network Planning;
- Blue: patented traffic re-balancing platform; and
- Datawave: management tool for development and assurance processes, inventory and warehouse management.

Insurance

We maintain insurance to cover risks associated with the ordinary operation of our business, including coverage for professional liability and transit policy. We have directors' and officers' civil liability insurance for members of our Board of Directors, the Board of Statutory Auditors and the other managers.

We regularly conduct periodic reviews of our insurance coverage to ensure that it is adequate and that our deductibles and premiums are at reasonable levels. We do not insure against certain operational risks for which insurance is unavailable or which can only be insured at what we believe to be on unreasonable terms, such as political risk, war and terrorism. See "*Risk Factors—Risks Related to our Business and Industry—Uninsured losses, losses in excess of our insurance coverage for certain risks and unanticipated changes in our insurance costs could have a material adverse effect on our business, financial condition, cash flows or our results of operations*."

Licenses and Authorizations

We hold licenses for the 26 GHz spectrum at national level, the 28 GHz spectrum at national level, the 3.5 GHz spectrum only for the Valle d'Aosta region and the 6-11-13-18-80 GHz frequencies which are licensed on a link-by-link basis by the MED. In addition, we also use 5 GHz spectrum on a non-licensed basis. As of June 30, 2021, we have in Italy (i) the largest spectrum ownership of 28 GHz spectrum alongside TIM and (ii) the second largest spectrum ownership across millimeter wavers and second only to TIM, leveraging the 26 GHz spectrum and the 28 GHz spectrum.

Our licenses for the 26 spectrum and 28 GHz spectrum were awarded during certain tender procedures issued by the MED in 2014, 2016 and 2018 for a total consideration of €12.5 million. Such licenses provide us with the right of use related to 26 GHz and 28 GHz bands in all the Italian regions (included the provinces of Trento and Bolzano). These licenses will expire on December 31, 2022. We have submitted the application for the extension of such licenses to the MED. We expect that the procedure will be finalized by the end of 2021 for the 28 GHz spectrum and by the first quarter of 2022 for 26 GHz spectrum.

Our license for the 3.5 GHz spectrum was awarded by the MED in 2013. This license provides us with the right to use the band 3.4-3.6 GHz in the Valle d'Aosta region and will expire on May 21, 2023.

Our license for the 6-11-13-18-80 GHz spectrum have an automatic annual renewal and will expire together with the general authorization for the supply of electronic communications network and services in 2034.

We use: (i) the 26 GHz spectrum for both radio backhauling in the transmission network and dedicated PTP access links to provide up to 1 Gbps to business clients, (ii) the 5 GHz spectrum and 28 GHz spectrum for our PMP access network, (iii) the 6-11-18-80 GHz frequencies for radio backhauling in the transmission network, (iv) the 13 GHz for PTP access links and (v) the 3.5 GHz spectrum for our access network in Valle D'Aosta.

In addition, we obtained the following authorizations by the MED for 20 years: a) General Authorization for the supply of electronic communications network and services, issued on July 28, 2014; b) General Authorization for Internet Service (ISP), pursuant to an authorization issued on November 11, 2006; c) WISP (IFI Internet Service Provider), pursuant to an authorization issued on July 15, 2005; and d) VOIP (Voice over IP), pursuant to an authorization issued on May 29, 2006.

See "*Risk Factors—Risks Related to our Business and Industry—It may be difficult for us to obtain all licenses, permits, rights to use or other authorizations required to operate our existing network or any other required licenses, permits or other authorizations, and once obtained they may be amended, suspended or revoked or may not be renewed.*"

Distribution Channels

We use different sales channels to market our products and services with the aim of optimizing customer reach and reducing costs. We do not conduct out-bound tele-sales and only utilize a network of high quality, knowledgeable partners for indirect sales.

Direct and Indirect Channels

We sell our services directly to B2C and B2B Subscribers through our website and in-bound tele-selling, which is mainly used to support customers who need help to finalize order on our website. We have prioritized the growth of our online sales channel, which benefits from lower costs than storefront sales and has shown appeal to younger customers.

We sell indirectly our services to B2C Subscribers through different sub channels: installers (approximately 400 partners which install and sell our solutions), master services (partners who originally used to sell and install satellite services and then added our solutions in their portfolio), telecommunication shops (approximately 1,000, present in small villages), master dealers (partners who handle sales to small shops) and approximately 40 corners present inside galleries of larger retail chains. We sell indirectly our services to B2B Subscribers through approximately 120 partners, who collaborate on a continuative basis with us and are selected among system integrators and agencies with great experience in the business market.

Wholesale Channel

We sell our B2B wholesale offering through local partners (*e.g.*, internet service providers, system integrators), the main national operations (*e.g.*, Wind 3, TIM, Fastweb) and international providers (*e.g.*, TI Sparkle, AT&T, BT, Verizon). We started our B2C wholesale offering in 2021 and intend to expand this segment relying on large telco operators. We have signed an agreement with Wind 3 in 2020 and announced a memorandum of understanding with TIM, to launch strategic partnerships project in Italy's White areas (*i.e.*, rural areas) in which TIM and Wind 3 will be able to provide internet access services to their customers using our proprietary infrastructure network.

Information Technology and Security

Information technology is a core, mission-critical asset at EOLO. Our IT systems are centralized with the aim of optimizing our products and processes, reducing complexity and streamlining technical issues and in order to adapt faster to an ever-changing market.

Our Technology division has the responsibility to assure the entire lifecycle of our network and IT assets, via the following five business units:

- governance;
- IT;

- network service and engineering;
- network development and maintenance;
- network and IT operations.

Substantially all of the above business units are tasked with the continuous improvement of our products and processes, managing significant complexity mainly driven by software and firmware components. As of June 30, 2021, we have 184 employees in our Network and Technology division, which is responsible for the IT and network engineering, implementation and management activities. We have developed certain proprietary software. See "—Intellectual Property and Know-How."

We process personal customers data as part of our business, and therefore we believe that data security and strict compliance with data protection and privacy laws are competitive factors in our market. We adapted our internal procedures and operations to the requirements imposed by Regulation (EU) 2016/679 ("**GDPR**"). We have appointed certain data processors and a data protection officer, and we have taken and will continue to take action to ensure the constant and complete implementation of the best practices for compliance with the applicable data protection laws and regulation.

Legal and Regulatory Proceedings

We are party to various legal proceedings arising in the ordinary course of business. Except as disclosed below, we are not engaged in or, so far as we are aware, have pending or threatened, any government, legal or arbitration proceedings which may have, or have had, a significant effect on our financial position or results of operations.

Criminal Proceedings against EOLO and certain former and current managers of EOLO.

EOLO and certain former and current managers of EOLO (including the CEO Luca Spada) are currently involved in certain criminal proceedings that stem from a complaint filed by Linkem S.p.A. on October 14, 2016. It is alleged that EOLO used certain frequency bands without having received the relevant authorization by the competent authority. The frequency range (3.8-4.2 GHz) was used after having filed a "statement for experimentation" with the MED. EOLO used the frequency range until October 7, 2016 when the MED issued the order to stop. More specifically the MED ordered to cease the use of the frequencies and payment of a fine for approximately €200 thousand. The charges against our former and current managers are (i) aggravated theft of unauthorized radio-frequencies; (ii) aggravated fraud against the Italian State concerning the unlawful appropriation of radio-frequencies without the relevant authorization; and (iii) interference with the freedom of business and trade (this third charge was dismissed by the court in November 2019).

In addition, EOLO has also been investigated for administrative liability according to the Italian Legislative Decree No. 231 with reference to: (i) the criminal offence of aggravated fraud against the Italian State; and (ii) interference with the freedom of business and trade (this allegation was dismissed by the court in November 2019). The public prosecutor alleged that EOLO's procedures were inadequate to detect and prevent the managers' alleged behavior and would have generated for EOLO an undue profit of approximately €3.5 million between 2016 and 2017, a sum which we demonstrated to the court we would be able to pay should a judgment be rendered against us.

On January 25, 2021, the public prosecutor issued a motion to dismiss the remaining two allegations of aggravated theft and aggravated fraud against the former and current managers. On February 15, 2021, Linkem S.p.A. (an industrial competitor) filed an opposition to the motion to dismiss and the new hearing is expected to be held in November 2021. If the court rules again our former and current managers or EOLO, certain sanctions might be imposed (including administrative fines, imprisonment, disgorgement of the profits related to the alleged criminal conduct and certain ban measures, including prohibition of contracting with the Italian government, exclusion from public funding and contributions and prohibition from advertising goods and services). However, we have already implemented certain self-cleaning measures (*e.g.*, we have strengthened our system, including applicable controls and procedures under Decree No. 231) and our legal counsel has advised us that the risk that the court will not authorize the dismissal is remote. As a result, we do not consider that these criminal proceedings have the potential to have a material adverse effect on our business, financial condition, or results of operations. See "*Risk Factors—Risks Related to our Business and Industry—We are subject to Italian legislation related to the "corporate liability of legal persons" which could subject us to liability and sanctions for offenses (including corruption, fraud against the Italian State, corporate offenses and market abuse) committed by persons within EOLO.*"

REGULATION

The following provides a summary description of certain of the main regulations and regulatory initiatives that govern the activities carried out by us in Italy. Although the following summary description contains the main information concerning such regulations that are considered material by us, it is not an exhaustive account of all applicable laws and regulations. References and discussions to treaties, laws, regulations and other administrative and regulatory documents are entirely qualified by the full text of such treaties, laws, regulations and other administrative and regulatory documents. See "Risk factors—Risk Related to our business and industry—We are subject to extensive regulation and may in the future be adversely affected by regulatory measures applicable to it."

European regulatory framework

Italian telecommunications operators are subject to the EU regulatory framework which includes directives, regulations, recommendations and opinions on telecommunication. As a member of the European Union, Italy is required to adopt directives issued by the EU, which, in certain cases, may have direct effect (*i.e.* when their provisions are unconditional and sufficiently clear and precise and when they have not been transposed in the Italian legal framework by the deadline), whereas regulations adopted at the EU level always have general application and are binding and directly applicable to all EU member states.

On December 20, 2018, Directive 2018/1972 establishing the European Electronic Communication Code (the EECC) entered into force. The EECC establishes common European rules and objectives aimed at regulating the telecommunications industry and defining how providers of networks and/or telecommunication services shall be regulated by national authorities. The EECC's provisions include measures to stimulate investment, new spectrum rules for wireless connectivity and 5G, as well as changes to governance, the universal service regime, end-user protection rules, and numbering and emergency communication rules. Some of the main goals of the EECC include to increase competition and predictability for investments, facilitate the participation of smaller players and first movers in investment projects and to improve coordination and use of radio-frequencies across the EU (to be achieved by long durations of licenses, coordinated timing of assignments and stricter requirements on effective and efficient spectrum use). Finally, in the interests of consumer protection, the EECC focuses on the gaps where sector-specific needs are not addressed by general consumer protection provisions.

The EECC also provides general principles regarding the individual rights of use of radio spectrum, such as, among others, that: (i) member states shall grant such rights, upon request, under a general authorization and shall also specify whether those rights can be transferred or leased by the holder of such rights, and under which conditions; (ii) the individual rights of use for radio spectrum shall be granted through open, objective, transparent, non-discriminatory and proportionate procedures; and (iii) the competent national authority shall promptly grant and make public its decisions on the granting of individual rights of use for radio spectrum.

In addition, member states shall make available the general criteria for an extension of the duration of rights of use of radio spectrum in a transparent manner, to all interested parties in advance of granting rights of use, and such general criteria shall relate to: (a) the need to ensure the effective and efficient use of the radio spectrum concerned, including by pursuing wireless broadband coverage of their national territory and population at high quality and speed and by facilitating the rapid development in the European Union of new wireless communications technologies and applications, or the need to fulfil goals related to ensuring safety of life, public order, public security or defense; and (b) the need to ensure undistorted competition.

The Directive reviews and combines in one document the "Framework", "Access and Interconnection", "Authorization" and "Universal Service and Users' Rights" Directives (the revision of the Privacy and Data Protection Directive, the so-called e-privacy Directive, is ongoing under separate proceedings). On the same date, Regulation 2018/1971 also entered into force replacing the former BEREC (Body of European Regulators for Electronic Communications) Regulation (EC) 1211/2009. Law No. 53/2021 of April 22, 2021, published in the Italian Official Journal (*Gazzetta Ufficiale*) on April 23, 2021 and enforced since May 8, 2021, has set forth the criteria and principles that must be taken into account by the Italian Government for the implementation of Directive (EU) No. 2018/1972 of December 11, 2018 into Italian law.

The EECC includes measures to promote wholesale-only models of investments and stimulate investments in very high capacity networks (VHCN), new rules on spectrum (such as minimum license duration) to improve certainty on investment return, changes to the regulation of services, introducing a more level playing field between telecommunications operators and new over-the-top-players (OTT players), and the introduction, in the scope of Universal Service Obligation (USO), of the affordability for consumers (with low income or special social needs) of adequate broadband internet access service and voice communications services at least at a fixed location.

Italian regulatory framework

The principal of regulation governing the Italian telecommunications markets is Italian Legislative Decree no. 259/2003 (the Italian Electronic Communications Code (the "**IECC**")). In addition, certain other aspects of the applicable legal framework (including the regulation of the Register of Communications Operators ("**RCO**") are regulated by various AGCOM resolutions adopted by such authority in its role as regulator in the sector, pursuant to Law no. 481/1995, establishing AGCOM's powers, including, among others, the power to issue guidelines concerning general quality service levels.

Under the IECC, the AGCOM and the MED together are entrusted to regulate the main aspects of the telecommunications markets in Italy, comprising the mobile, fixed-line and Internet markets. Their regulatory powers mainly include licensing, authorizations, access interconnection, frequency allocation, numbering, universal service obligations, tariff regulation and the rebalancing and arbitration of disputes between operators. The AGCOM is financed by telecommunications operators through a fee based on operators' financial results. The public numbering schemes are decided by the AGCOM while the MED is responsible for numbering management and assignation.

In addition, the Italian Competition Authority (*Autorità Garante della Concorrenza e del Mercato*, the "**AGCM**") enforces competition law rules which, among others, prohibit anticompetitive agreements among competitors (*i.e.* cartels), and the abuse of dominant positions. The AGCM also supervises: (i) possible acquisitions or mergers which may generate or strengthen dominant positions detrimental to general competition and (ii) consumer protection issues and misleading advertising proceedings. The AGCM also has several other functions and goals, including protecting consumers from misleading advertising or comparative advertising which discredits competitors' products or causes confusion, as well as protecting consumers against unfair commercial practices.

According to the IECC, the individual rights of use of radio spectrum are granted by means of open and transparent procedures set forth by the AGCOM, whereas the related fees are set up by the MED. In compliance with the general European principles set out by the EECC, member states may decide that the number of individual rights has to be limited in order to pursue a national public interest, such as promoting coverage, ensuring the quality of service or promoting the efficient use of the radio spectrum, or the innovation and business development. Therefore, the Italian authorities have imposed certain limitation of the individual rights of use of radio frequencies aimed at promoting efficient use of the radio spectrum. In particular, the IECC states that in case of insufficient resources (*i.e.* when it is not possible to share radio frequencies and when sharing frequencies may cause risk of interference and/or may impair the quality of service) there is a limited number of available individual rights of use, thus operators shall apply for specific licenses to be granted with the available rights of use. In all other cases (*i.e.*, when there are sufficient resources and the efficiency of the service is not at risk), operators who have been granted with a general authorization can use the radio spectrum frequencies without requesting any additional specific licenses. Individual rights are granted for a period that shall not be longer than the duration of the general authorization granted to the operator to operate business activities in the telecommunication business.

Following the introduction of the EECC in 2018, member states had to adopt, by December 21, 2020, the required laws, regulations and provisions to comply with the EECC's provisions. Through Law no. 53 dated April 22, 2021, the Italian Parliament has delegated the Italian Government to implement the EU Directive 2018/1972, thus amending Italian Legislative Decree no. 259/2003 and integrating the EECC's principles in the IECC.

General Authorizations

Italian telecommunications operators must obtain a general authorization from the MED to provide electronic communication services. The procedure to obtain the general authorization includes the following steps: (i) the operator sends a notice to start its telecommunications services and can start offering such services from the moment of the filing; (ii) the MED screens the notice and checks the operator's requirements, and (iii) in case of a positive result, within 60 days the operator is granted with a general authorization. General authorizations generally do not last more than 20 years and they are extendable for an additional 15 years. When the rights of use of radio spectrum frequencies are not limited by the Italians authorities for public interest reasons, the general authorization provides for the relevant conditions of use of the frequencies. Conversely, when the rights of use are limited for public interest reasons, operators are required to obtain a specific license issued by the MED, in addition to the general authorization. The AGCOM has set out a detailed open, transparent and non-discriminatory public tender procedure to obtain such specific licenses based on an auction system.

Under the IECC, in order to be granted the general authorization to provide electronic communications services, operators must file a declaration attesting, among other things, that none of their legal representatives have been condemned to imprisonment for a time frame longer than six months, nor have they been subject to security or precautionary measures under applicable laws. Once granted a general authorization, operators must continue to satisfy such requirements for the duration of the general authorization and shall promptly inform the MED if they fail to do so.

See "*Risk Factors—Risk Related to our Business and Industry—We may incur liabilities for the actions of our directors, employees, agents and representatives or be excluded from contracting with public authorities for the actions of our employees*" and "*Risk Factors—Risks Related to our Business and Industry—We are subject to Italian legislation related to the "corporate liability of legal persons" which could subject us to liability and sanctions for offenses (including corruption, fraud against the Italian State, corporate offenses and market abuse) committed by persons within EOLO*."

The MED's approval is required for any transfer of a general authorization (in case of merger, acquisitions, and other transactions, including the Acquisition) and the MED may reject the request for approval in the event that the transferee does not comply with the necessary requirements. See "*Risk Factors—Risks Related to the Transactions—The Issuer does not currently control the Target and will not control the Target until completion of the Acquisition and the Acquisition is subject to significant uncertainties and risks.*"

We obtained the following authorizations by the MED to supply electronic communications network and services throughout the national territory pursuant to IECC: a) General Authorization for Internet Service (ISP), issued in 2006; b) a WISP (WIFI Internet Service Provider) authorization issued in 2005; c) a VOIP (Voice over IP) authorization issued in 2006; and d) a General Authorization for the supply of electronic communications network and services, issued in 2014.

These authorizations: a) have a duration of twenty years, extendable for a further 15 years and renewable upon expiration (they will expire in 2034 and we will be allowed to request an extension until 2049); and b) under the IECC are transferrable to other operators (the competent office of the MED shall previously authorize the transfer and the MED may reject the requested transfer in case the transferee lacks the requirements for the General Authorization).

Individual rights of use

In compliance with the general European principles set out by the EECC, member states may decide that the number of individual rights has to be limited in order to pursue a national public interest, and the IECC states that in case of insufficient resources (*i.e.*, when it is not possible to share radio frequencies and when sharing frequencies may cause risk of interference and/or may impair the quality of service) only a limited number of available individual rights of use can be distributed to operators, thus operators shall apply for specific licenses to be granted with the available rights of use. To evaluate whether resources may be considered insufficient, the AGCOM has to take into consideration several principles, such as: optimize customers benefits; foster competition development and investments sustainability; promote the effective and efficient use of frequencies; allow all stakeholders the opportunity to submit their views. Under the EECC, the procedure to assign individual rights of use of frequencies shall be based on objective, transparent, proportionate and non-discriminatory criteria.

According to the EECC, each national regulatory authority shall consider and evaluate an extension request of individual rights of use for radio spectrum in a timely manner (*i.e.*, before the expiration of those rights, except for rights of use to which the renewal has been explicitly excluded). When considering possible renewal of individual rights of use for harmonized radio spectrum for which the number of rights of use is limited, competent authorities shall conduct an open, transparent and non-discriminatory procedure, and shall, inter alia: (a) give all interested parties the opportunity to express their views through a public consultation; and (b) clearly state the reasons for such possible renewal. In addition, the EECC also provides that the national regulatory authority shall also take into account any evidence arising from the consultation of market demand. In any case, the competent authority may review and change the fees as well as of certain terms and conditions granted/ provided in the previous license.

In Italy, the procedure for the extension of the right of use involves both the MED and the AGCOM. As the first step, an operator shall apply to the MED for the renewal (the application shall also include technical and financial plans in order to justify the request of extension). Following that, the competent office of the MED requires a positive opinion by the AGCOM to proceed with the extension of the right of use. Before the issuance of such opinion, the AGCOM also takes in consideration the results of a stakeholder consultation so as to give all interested parties the opportunity to express their views through a public consultation. In the past, in evaluating the renewal of individual rights, the AGCOM considered (i) the consistency and adequacy of the technical and financial plan on which the application was based; and (ii) the fact that other operators holding the same licenses were already granted the extension. Based on the outcome of the public consultation and on the assessment of mentioned factors, the AGCOM provides to the MED its opinion, and then the MED issues its decision.

The IECC does not specify the duration of the procedure to obtain the renewal of the rights of use. In case of a denial of the extension, the MED can commence a new tender procedure to newly award the rights to use the frequencies.

The MED's authorization is required for the transfer of individual rights (in case of merger, acquisitions, and other transactions including the Acquisition). Such authorization process also involves the competent offices of the AGCOM and the AGCM which shall provide their opinions. See "*Risk Factors—Risks Related to the Transactions—The Issuer does not currently control the Target and will not control the Target until completion of the Acquisition and the Acquisition is subject to significant uncertainties and risks.*" The aim of such procedure is to ensure that the transfer of individual rights does not cause unfair competition and that such transfer complies with the principles of the IECC (for example, promotion of competition, consumer protection, in each geographical area, an operator is allowed to have individual rights up to 40% of the individual rights for the Wireless Local Loop frequencies). In any case, the AGCOM and the AGCM may impose specific requirements with respect to a proposed transfer requiring the sale or lease, such as selling or leasing individual rights of use.

We currently hold (i) the rights of use for the 24.5-26.5 GHz ("**26 GHz**") frequencies and (27.5-29.5 GHz) ("**28 GHz**") frequencies for all Italian Regions and the Autonomous Province of Trento and Bolzano (awarded in 2014, 2016 and 2018 and which expire on December 31, 2022); and (ii) the rights of use for the frequency concerning the 3.4-3.6 GHz ("**3.5 GHz**") in relation to the FWA system for the Region Valle d'Aosta (awarded in 2008 and which expires on May 21, 2023).

Our licenses for the 26 and 28 GHz spectrum were awarded as a result of tender procedures carried out by the MED in 2014, 2016 and 2018. Such licenses provide us with the right of use related to 26 GHz and 28 GHz bands in all the Italian regions (included the provinces of Trento and Bolzano). These licenses will expire on December 31, 2022. We submitted to the MED and the AGCOM the following extension requests: (i) in relation to the 28 GHz individual rights to be extended at least until 2029; and (ii) in relation to the 26 GHz individual rights to be extended at least until 2029. We currently expect that the extension procedure will be finalized by end of 2021 for the 28 GHz spectrum and approximately at the beginning of 2022 for 26 GHz spectrum.

With respect to the 3.5 GHz spectrum, the relevant license was awarded by the MED in 2013, which also provides the right to use the 3.5 GHz spectrum in the Valle d'Aosta region. The latter will expire on May 21, 2023. The additional licenses for the 11-13-18-80 GHz spectrum will expire in 2034.

See "*Risk Factors—Risks Related to our Business and Industry—Our ability to obtain all licenses, permits, rights of use or other authorizations required to operate our business and/or expand our network or any other required licenses, permits or other authorizations is subject to risks and uncertainties*" and "*Business— Licenses and Authorizations*."

MANAGEMENT

The Issuer

The Issuer is a joint stock company (*società per azioni*) incorporated and existing under the laws of Italy. The Issuer was formed as a limited liability company (*società a responsabilità limitata)* on June 22, 2021 and was converted into a joint stock company (*società per azioni*) by way of a resolution of the extraordinary shareholders' meeting on September 14, 2021. The Issuer is registered with the Companies' register of Milan-Monza-Brianza-Lodi under registration number and fiscal code 11851310968. The registered office of the Issuer is at Via Montebello 21, Milan, 20121, Italy. LEI Code is 9845001F92A0A5AF628.

Issuer Board of Directors

The board of directors of the Issuer (the "**Issuer Board**") currently comprises two directors. The Issuer Board is responsible for managing the Issuer in accordance with applicable laws, constitutional documents and resolutions of the shareholders' meeting. The principal functions of the Issuer Board are to carry out the business of the Issuer and to legally represent the Issuer in its dealings with third parties. Upon completion of the Transactions, a new board of directors will be appointed at the level of the Issuer. Such board will include, *inter alios*, members appointed by Partners Group, although its composition has not yet been determined as of the date of this Offering Memorandum. See "*Principal Shareholders—The Shareholder Agreement*."

The directors of the Issuer are:

Name	Position
Livio Fenati	Director
Cecilia Parisini	Director

The following is biographical information for the directors of the Issuer:

Livio Fenati. Mr. Fenati holds a degree in Economics from the University of Rome and a certificate in the Investment Strategies and Portfolio Management program from the Wharton School of the University of Pennsylvania, USA. Mr. Fenati is a member of the Private Infrastructure Investment Committee of Partners Group and a member of the Board of Directors of Partners Group's portfolio companies Parmaco and Telepass. Prior to joining Partners Group, Mr. Fenati worked at Atlantia as the Global Head of Corporate Development and was previously one of the founders of Arcus Infrastructure Partners, an independent fund manager based in London.

Cecilia Parisini. Ms. Parisini holds a law degree from University of Bologna, a *Diplôme d'études supérieures spécialisées* from University of Luxembourg and a LL.M. from Columbia University. Following her graduation, Ms. Parisini was an associate at Linklaters and then an associate at Cleary Gottlieb Steen & Hamilton LLP. Ms. Parisini is a senior legal officer at Partners Group, which she joined in 2019.

EOLO

EOLO is a joint stock company (*società per azioni*) organized under the laws of Italy. EOLO was incorporated on August 7, 2014, has its registered office at Via Gran San Bernardo 12, Busto Arsizio (VA), 21052, Italy and is registered under number 02487230126 with the Companies Register of Varese (*Registro delle Imprese of Varese*). EOLO is managed by its executive management team.

EOLO Executive Management

The following table sets forth the name and position of the Group's executive management team.

Name	Position
Luca Spada	Founder & Chief Executive Officer
Paolo Percuoco	Chief Financial Officer
Guido Garrone	Chief Technology Officer
Daniela Daverio	Chief Operating Officer
Sergio Grassi	Chief Marketing & Sales Officer
Chiara Santambrogio	Chief Customer Operation Officer
Alessandro Verrazzani	Head of Regulatory and Institutional Affairs & New Business
Dario Daniele	Head of Legal Department

Set out below are brief summaries of the biographies of the members of the Target's executive management team:

Luca Spada is the founder and Chief Executive Officer of EOLO. Mr. Spada graduated from Polytechnic University of Milan with a degree of telecommunications engineering. From September 1994 to April 1995, Mr. Spada was the Co-Founder and the Chief Technology Officer for Telnet Srl. From September 1994 to December 1999, Mr. Spada was the Founder and Chief Executive Officer of SkyLink Srl, which was acquired by I.Net S.p.A. where Mr. Spada was a partner and shareholder. In 1999, Mr. Spada founded EOLO (previously named NGI). Currently, Mr. Spada is an adviser to Fondazione ITS Incom, Open Hub Med, and Carlo Cattaneo University. Mr. Spada is the Vice President of the Industrialists' Union of the province of Varese.

Paolo Percuoco joined EOLO in 2020 as Chief Financial Officer. Mr. Percuoco graduated with a degree in business administration from University of Bocconi. From May 2000 to September 2001, Mr. Percuoco worked at Prysmian (at that time Pirelli Cables) as a Corporate Planning and Control analyst. From November 2001 to January 2011, Mr. Percuoco worked at Vodafone IT, in multiple roles including Long Range Planning Analyst, Head of Long Range Planning, Business Controller and Head of Finance of Wholesale business unit. From February 2011 to August 2017, Mr. Percuoco worked at Sky Italia, as Reporting & Consolidation Manager and Finance Business Manager for CTO department, Capex and Cash Flow. From September 2017 to June 2020, Mr. Percuoco was Chief Financial Officer for Iliad Italy: as one of the first company manager, he took part in the start-up activities, setting up all finance processes and working on mobile commercial launch.

Guido Garrone has been at EOLO since 2019 as Chief Technology Officer and a Strategic Board Member. Mr. Garrone graduated with a degree in telecommunications (MSEE) from Polytechnic University of Milan and a post-graduate degree in General Management from ISTUD Business School, Baveno, Italy. After 12 years spent in Sirti, as Technical Director, from September 1999 to December 2007, Mr. Garrone was a founding partner and Chief Technology Officer of Fastweb. From January 2008 to December 2010, Mr. Garrone was the Chief Technology Officer and Group Executive Board Member of Swisscom. Mr. Garrone was a Senior Advisor at Accenture, a global professional services company, from 2011 to 2012. From November 2012 to December 2016, Mr. Garrone was the Chief Operating Officer at Metroweb Italia, a company to create and to maintain ultra-broadband fiber networks. Being part of Metroweb Italia Group, from July 2014 to December 2016, Mr. Garrone was the Chief Executive Officer of Metroweb Sviluppo and, from November 2012 to March 2017, Mr. Garrone was the Chief Executive Officer of Metroweb Genova, infrastructure operators developing FTTH in Bologna, Torino and Genova. From January 2017 to January 2019, Mr. Garrone was the Director Network and Operations at Open Fiber, after the acquisition of Metroweb Italia by Open Fiber. Currently, Mr. Garrone is a board member of MIX S.r.l., an Italian Internet Exchange.

Daniela Daverio joined EOLO in 2003. Mrs. Daverio has served as a marketing and sales manager, Chief Financial Officer, and Chief Operating Officer at EOLO. Mrs. Daverio graduated from Università Cattolica del Sacro Cuore of Milan with a degree in economics. From March 2001 to December 2003, Mrs. Daverio worked as a connectivity product manager at I.NET S.p.A., an information technology and services company.

Sergio Grassi joined EOLO in 2016 as Sales and Marketing Director. Mr. Grassi graduated with a degree in electronic engineering at Polytechnic University of Milan. Mr. Grassi worked at Telecom Italia at the beginning of his career, in the commercial department, from December 1996 to July 2001, then he joined BT Global Services as account manager for Enterprise Market for four years, before becoming sales Manager and following Sales Director for Enterprise Market until July 2013. In the meanwhile, he was the President of Erptech (a BT company) from April 2010 to July 2013. Before joining EOLO, Mr. Grassi was the sales and marketing director at Infracom Italia SpA from July 2013 to November 2016.

Chiara Santambrogio joined EOLO in 2019 as Chief Customer Operations Officer. Mrs. Santambrogio graduated with a degree in chemistry at the University of Milan and a master's degree from the advanced management program at IESE Business School, Barcelona. From December 1999 to March 2006, Mrs. Santambrogio was an account manager at Televoice S.p.A. From March 2006 to November 2008, Mrs. Santambrogio was a business support manager at Transcom World Wide, a global customer experience specialist. From December 2008 to April 2019, Mrs. Santambrogio was the Chief Customer Officer at lastminute.com group, a publicly-traded multinational group in the online travel industry. From 2009 to 2018 she had also the role of Chief Executive Officer at Viaggiare S.r.l., the Italian company of the lastminute.com group.

Alessandro Verrazzani has been at EOLO since 2017 as the Head of Regulatory and Institutional Affairs and New Business. Mr. Verrazzani graduated with a degree in telecommunications engineering at the University of Pisa. From January 2000 to September 2012, Mr. Verrazzani was a manager at ICT Consulting S.p.A., a consulting company focused on information and communication technologies. From September 2012 to May 2015, Mr. Verrazzani was an advisor to the Commissioner Prof. Dècina and to the President at AGCOM (Italian Communications Regulatory Authority). From June 2015 to May 2017, Mr. Verrazzani was a regulatory affairs manager at Fastweb.

Dario Daniele joined EOLO in 2010 and is the Head of Legal and Corporate Affairs. Mr. Daniele graduated from Università degli Studi di Bari. From December 2005 to October 2006, Mr. Daniele was a legal manager at Vodafone IT, a telecommunications business. From October 2006 to October 2010, Mr. Daniele was a legal manager at DMT S.p.A.

Board of Statutory Auditors

Pursuant to applicable Italian law, EOLO has appointed a Board of Statutory Auditors (*Collegio Sindacale*) whose objective is to oversee our compliance with applicable law and our by-laws, monitor the implementation of best practices and assess the adequacy of the internal controls and accounting reporting systems. There are presently three auditors and two alternate auditors on our Board of Statutory Auditors. Members of our Board of Statutory Auditors are appointed by our shareholders at ordinary shareholders' meetings for a three-year term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term. The members of the Board of Statutory Auditors of EOLO were appointed in October 2020 and will remain in office until approval by the shareholders of the EOLO's financial statements for the year ended March 31, 2023.

The Group

For more information about the governance of the Group following the Acquisition Closing Date see "*Principal Shareholders*."

PRINCIPAL SHAREHOLDERS

The Issuer

The Issuer is a joint stock company (*società per azioni*) incorporated and existing under the laws of Italy. The Issuer was formed as a limited liability company (*società a responsabilità limitata*) on June 18, 2021 and was converted into a joint stock company (*società per azioni*) by way of a resolution of the extraordinary shareholders' meeting on September 14, 2021. The Issuer is registered with the Companies' register of Milan-Monza-Brianza-Lodi under registration number and fiscal code 11851310968. The registered office of the Issuer is at Via Montebello 27, Milan, 20121, Italy.

Upon the consummation of the Acquisition, funds managed and/or advised by Partners Group will indirectly control the Target, through its wholly owned subsidiary LuxCo. LuxCo will own 75% of the share capital of HoldCo, while Cometa will hold the remaining 25%. Funds managed and/or advised by Partners Group will hold the entire issued share capital of LuxCo. On or after the Acquisition Closing Date, SCP EPC UK Limited, which is a Seller and a vehicle managed by Searchlight Capital Partners L.P., may reinvest for a stake of up to approximately 10% to 15% of Luxco or a holding company thereof.

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

Our Principal Shareholders

Partners Group

Founded in 1996, Partners Group is a global private markets investment management firm with USD 119 billion in assets under management in private equity, private real estate, private infrastructure and private debt as at June 30, 2021. The firm manages a broad range of customized portfolios for an international clientele of institutional investors. Partners Group is headquartered in Zug, Switzerland and has offices in Denver, Houston, New York, Toronto, São Paulo, London, Guernsey, Paris, Luxembourg, Milan, Munich, Dubai, Mumbai, Singapore, Manila, Shanghai, Seoul, Tokyo and Sydney. The firm employs around 1,500 professionals and is listed on the SIX Swiss Exchange (symbol: PGHN) with a major ownership by its partners and employees. It had a market capitalization of CHF 42.8 billion as at September 17, 2021.

The acquisition of EOLO is financed with dedicated infrastructure capital. In private infrastructure, Partners Group manages assets of USD 16 billion and has on behalf of its clients directly invested in more than 140 businesses and assets since inception. The investment focus in private infrastructure is on companies and assets that combine recurring cash flows with value creation opportunities. Partners Group pursues a diversified and global relative value approach across geographic regions and industries. Selected private infrastructure investments include Axia NetMedia & Covage, Unity Digital Infrastructure, Techem, Telepass, Parmaco, Gren and Merkur Offshore.

Cometa

Cometa S.p.A. is a joint-stock company incorporated and existing under the laws of Italy, with registered office in Via Gran San Bernardo 12, 21052 Busto Arsizio (VA), Italy, registered with the Companies' Register of Varese under no. 07674300962. Cometa is indirectly controlled by the CEO, Luca Spada.

The Shareholder Agreement

On July 17, 2021, PG Investment Company 1 S.à r.l. ("**LuxCo**", *i.e.*, HoldCo's current sole shareholder), HoldCo, the Issuer and Cometa entered into a framework investment agreement governing Cometa's reinvestment into the Target, through the subscription and payment of an equity stake in HoldCo representing 25% of the share capital of HoldCo, under which the parties thereto undertook, among others, to enter into a shareholder agreement on the Acquisition Closing Date (the "**Shareholder Agreement**") governing their rights with respect to management and corporate governance of HoldCo and the Group as well as any future divestment.

The Shareholder Agreement provides for certain governance rights to be exercised by Cometa, including the right to designate certain members of the corporate bodies of HoldCo, the Issuer and the Target as well as certain veto rights in connection with matters to be resolved upon by the board of directors or the shareholders' meeting of HoldCo, the Issuer or the Target (as the case may be). If Cometa's equity stake in HoldCo falls below certain thresholds, Cometa's governance rights under the Shareholder Agreement will be reduced accordingly. Economic rights are held by LuxCo and Cometa proportionally with the corporate capital respectively held in HoldCo.

Specific provisions govern the designation and appointment of the members of the board of directors of HoldCo, the Issuer and the Target: unless otherwise agreed from time to time, each board of directors shall be composed of seven members, of which five shall be designated by LuxCo and two shall be designated by Cometa; if Cometa's equity stake in HoldCo falls below 10% or Cometa is subject to a change of control, LuxCo shall be entitled to designate all directors. In addition, certain provisions govern the designation and appointment of the Chairman and CEO of HoldCo, the Issuer and the Target: in particular, Mr. Luca Spada shall remain in office as CEO of such companies for the first three financial years following the Acquisition Closing Date and, after expiry of the first term, Mr. Luca Spada shall be designated either as Chairman or as CEO of such companies.

The Shareholder Agreement contains customary restrictions on transfer, rights of first offer, drag-along rights and customary tag-along rights.

Under the Shareholder Agreement, certain members of our senior management and future managers will be entitled to participate in a management incentive participation program to be implemented on or as soon as practicable following the Acquisition Closing Date. See "*Certain Relationships and Related Party Transactions—Management Co-Investment Plan*." The Shareholder Agreement contains other customary provisions regarding confidentiality and non-compete undertakings and information rights.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

General

We enter into transactions with certain related parties or our affiliates from time to time and in the ordinary course of our business. During the period under review, we entered into certain non-material transactions with ELMEC Group, controlled by Trub S.p.A., a minority shareholder of Cometa. We believe these transactions are on terms no more favorable to the related parties or our affiliates than they would expect to negotiate with disinterested third parties. See note 35 to the Audited Financial Statements as of and for the year ended March 31, 2021, and note 35 to the Unaudited Condensed Interim Financial Information.

Management Co-Investment Plan

On or following the Acquisition Closing Date, the Sponsor plans to implement a management incentive participation program pursuant to which management may subscribe for certain equity instruments of Holdco, either in the form of classes of shares or in the form of participating financial instruments (*strumenti finanziari partecipativi*). Participants in the management incentive program will be entitled to receive a preferential return on the invested amount upon the occurrence of certain liquidity events (such as, among others, a change of control of the Target or a listing process), which amount shall be calculated on the basis of the money-on-money multiple achieved by the Sponsor in connection with the Transactions.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following is a summary of the material terms of our principal financing arrangements in addition to the Indenture after giving effect to the Transactions. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalized terms used in the following summaries and not otherwise defined in this offering memorandum have the meanings ascribed to them in their respective agreements.

Revolving Credit Facility Agreement

Overview and Structure

In connection with the Transactions, the Issuer will enter into a new super senior revolving credit facility agreement with, among others, the Issuer, UniCredit S.p.A. as the Security Agent, the facility agent named therein as Agent, and UniCredit S.p.A., Natixis S.A. – Milan Branch and Goldman Sachs Bank Europe SE as mandated lead arrangers (the "**Revolving Credit Facility Agreement**"). The Revolving Credit Facility Agreement provides for a new super senior revolving credit facility in a principal amount of €125.0 million (the "Revolving Credit Facility" for the purposes of this description).

The Revolving Credit Facility may be utilized by the Issuer and certain of its restricted subsidiaries which may accede to the Revolving Credit Facility Agreement as additional borrowers of that facility (the "**SSRCF Borrowers**") and may be applied in or towards (directly or indirectly): (A) the consideration and all other amounts payable in connection with the Acquisition (including any payments, completion account-related payments, purchase price adjustment payments (however structured), deferred consideration payments, earn-out payments, put/call arrangement payments and any other similar arrangements or payments relating thereto and any other amounts required to be paid under or in connection with the acquisition documents); (B) the refinancing, discharge and/or acquisition of existing target debt (including back-stopping, replacing and/or providing cash cover in respect of any letters of credit, guarantees or similar instruments or ancillary, revolving, working capital or local facilities or other arrangements) and paying any breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing, discharge and/or acquisition; (C) any other purpose or payment contemplated by the tax structure memorandum, the funds flow statement or the Note Documents; (D) other related amounts, including fees, costs, expenses, liabilities, taxes (including stamp duty) and other amounts, including those incurred in connection with the Transaction, the tax structure memorandum and/or the Transaction Documents (including any required arrangement, up-front or any original issue discount fees or similar fees, any additional original issue discount or other fees arising as a result of any market flex, and any ticking fees required to be paid in connection with, and any interest accruing on, the Transaction Documents); and/or (E) the general corporate purposes and/or working capital requirements of the Group (including the target group from the Acquisition Closing Date) including, without limitation, the financing, refinancing funding, refunding or prefunding of capital expenditure, any permitted acquisition, transaction costs, net working capital adjustments or bridging to target cash for the Acquisition and any other permitted acquisitions, investments and joint ventures, operational restructurings and reorganization requirements of the Group, financing, refinancing, replacing, cash collateralizing, back-stopping or discharging financial indebtedness of the Group or any acquisition target and paying any related breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such financing, refinancing, replacing, cash collateralizing, back-stopping or discharging, any required original issue discount fees or any additional original issue discount fees or funding any ticking fees required to be paid in connection with and any interest accruing on indebtedness (including, in each case, drawing the proceeds thereof onto balance sheet to finance such items in the future and/or refinance previous expenditure on such items).

The Revolving Credit Facility will be available in euros, sterling, U.S. dollars and certain other currencies readily available in the relevant interbank market by the drawing of cash advances, the issue of letters of credit and ancillary facilities (on a bilateral and fronted basis).

The Revolving Credit Facility Agreement includes (in addition to the other permissions under the limitation on indebtedness covenant) the ability (without double counting against the limitation on indebtedness covenant) to incur additional indebtedness (including under one or more uncommitted additional facilities within the Revolving Credit Facility Agreement and/or any additional notes and/or other facilities or notes documented outside the Revolving Credit Facility Agreement) up to (after taking into account the commitments under the Revolving Credit Facility) an aggregate amount of the greater of €150.0 million and 130% of LTM EBITDA (as defined in "*Description of the Notes—Certain Definitions*").

Availability

The Revolving Credit Facility may be utilized from (and including) the issue date of the Notes (the "**Closing Date**") to (and including) the maturity date of the Revolving Credit Facility.

Conditions Precedent

Utilizations of the Revolving Credit Facility are subject to customary conditions precedent.

Interest and Fees

Loans under the Revolving Credit Facility will initially bear interest at rates per annum equal to EURIBOR or, for loans denominated other than in Euro, LIBOR, or, as applicable, the relevant Compounded Reference Rate, plus an applicable margin, which in each case will be subject to a decreasing margin ratchet based on the ratio of consolidated senior secured net debt to consolidated *pro forma* EBITDA (the "**Consolidated Senior Secured Net Leverage Ratio**").

If EURIBOR is less than zero, EURIBOR shall be deemed to be zero in respect of loans made under the Revolving Credit Facility. If LIBOR is less than zero, LIBOR shall be deemed to be zero in respect of loans made under the Revolving Credit Facility.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the Acquisition Closing Date to the end of the availability period applicable to the Revolving Credit Facility at a rate of 30% of the applicable margin for the Revolving Credit Facility. Commitment fees will be payable quarterly in arrears (provided that the Obligor's Agent may elect that the accrued commitment fee shall instead be payable on each quarter date), on the last day of the availability period and on the date the Revolving Credit Facility is cancelled in full or on the date on which the relevant lender cancels its commitment.

Default interest will be calculated as an additional 1% on the defaulted amount.

Repayments

The loans made under the Revolving Credit Facility will be repaid on the last day of the interest period relating thereto, subject to an ability to roll over cash drawings. All outstanding amounts under the Revolving Credit Facility will be repaid on the date falling seventy-eight (78) months from the Acquisition Closing Date. Amounts repaid by the SSRCF Borrowers on loans made under the Revolving Credit Facility may be reborrowed, subject to certain conditions.

The Revolving Credit Facility Agreement allows for voluntary prepayments. The Revolving Credit Facility Agreement also permits each lender to require the mandatory prepayment of all amounts due to that lender upon a "*Change of Control*."

A "Change of Control" for the purposes of the Revolving Credit Facility shall be defined as per the Notes, including a change of control with respect to the Third Party Security Provider (or any successor entity) ceasing to own 100% of the shares in the Issuer, but the proviso to the definition of "Change of Control Triggering Event" shall not apply.

Guarantees and Security

The Revolving Credit Facility will be guaranteed by each Guarantor on a joint and several basis.

The Revolving Credit Facility will be secured by the same security interests as for the Notes as set forth under "*Description of the Notes—Security.*"

Subject to certain adjustments and the agreed security principles that apply to the Revolving Credit Facility Agreement, the Issuer is required to ensure that members of the Group that generate at least 80% of Consolidated EBITDA (as defined in the section entitled "*Description of the Notes*") are guarantors of the Revolving Credit Facility Agreement (i) on the earlier of (x) 180 days following the Merger Date and (y) 60 days after the date falling 18 months following the Closing Date; and (ii) thereafter on the date when the annual financial statements of the Issuer are required to be delivered to the agent in connection with the Revolving Credit Facility Agreement.

The provision and the terms of the security and guarantees set forth above will in all cases be subject to certain limitations and are at all times and in all cases subject to the requirements of applicable law and the other matters set forth in the Revolving Credit Facility Agreement (and, to the extent such requirement at (ii) above is not satisfied on such date, the Issuer shall ensure that it is so satisfied within 180 days of such date).

Representations and Warranties

The Revolving Credit Facility Agreement contains certain representations and warranties (subject to certain agreed qualifications and with certain representations being repeated), including: (i) status, binding obligations, non-conflict with other obligations, power and authority, validity and admissibility in evidence, governing law and enforcement and *pari passu* ranking; (ii) no insolvency, no litigation and taxation; and (iii) no default, financial statements and base case model.

Certain representations and warranties will be made on the Closing Date and will be repeated on the date of each utilization, on the first day of each interest period (other than in the case of roll over cash drawings) and at certain other times.

Covenants

The Revolving Credit Facility Agreement requires the Issuer and certain of its restricted subsidiaries to observe certain other customary affirmative and negative covenants, subject to certain exceptions and grace periods, including covenants relating to: (i) authorizations and consents; (ii) compliance with laws; (iii) center of main interests; (iv) provision of guarantees and security and further assurance; (v) compliance with sanctions and anti-corruption laws; and (vi) certain conditions subsequent to the Transaction.

It is intended that certain agreed covenants and other provisions of the Revolving Credit Facility Agreement will fall-away on the satisfaction of certain release conditions, being (i) the occurrence of a listing which does not constitute a change of control and in respect of which the Group's senior secured net leverage ratio does not exceed an agreed ratio; or (ii) the Issuer or the holding company of the Issuer having a long-term corporate credit rating equal to or better than Baa3 according to Moody's Investor Services Limited or BBB- according to Standard & Poor's Rating Services.

Events of Default

The Revolving Credit Facility Agreement provides for substantially the same events of default as under the Notes. In addition, the Revolving Credit Facility Agreement provides for additional events of default, subject to customary materiality qualifications and grace periods, including (i) inaccuracy of a representation or statement when made; (ii) repudiation, rescission, invalidity and unlawfulness of the Revolving Credit Facility financing documents; and (iii) material failure to comply with the Intercreditor Agreement.

Governing Law

The Revolving Credit Facility Agreement and any non-contractual obligations arising out of or in connection with it, are governed by, construed in accordance with and will be enforced in accordance with English law although the information undertakings, restrictive covenants, and any other general undertakings contained in Schedule 15 to the Revolving Credit Facility Agreement, events of default and related definitions scheduled to the Revolving Credit Facility Agreement, the definition of "Change of Control" and other definitions contained in Schedule 17 to the Revolving Credit Facility Agreement, will be interpreted in accordance with New York law (without prejudice to the fact that the Revolving Credit Facility Agreement is governed by English law).

Intercreditor Agreement

General

To establish the relative rights of certain of our creditors under our financing arrangements, the Issuer, certain Guarantors and the Trustee will enter into the Intercreditor Agreement between, among others, the agent, arrangers and lenders under the Revolving Credit Facility Agreement and the Security Agent. We expect the Trustee to accede to the Intercreditor Agreement on or about the Issue Date.

By accepting a Note, holders of the Notes will be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The Intercreditor Agreement is governed by English law and sets out various matters governing the relationship of the creditors to our group including the relative ranking of certain debt of the Issuer, the Guarantors and any other person that becomes party to the Intercreditor Agreement as a Debtor or Third Party Security Provider, when payments can be made in respect of debt of the Debtors or Third Party Security Providers, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events and turnover provisions and provisions related to the enforcement of shared security.

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety and we urge you to read that document because it, and not the discussion that follows, defines certain rights of the holders of the Notes and of the Trustee. Capitalized terms used but not defined herein have the meanings given to them in the Intercreditor Agreement.

For the purposes of this description:

"**Senior Secured Group**" shall mean the Issuer and any of its Restricted Subsidiaries.

References to the "**Senior Secured Notes**" shall include the Notes and any other notes, securities or other debt instruments issued or to be issued by or in relation to which a New Debt Financing has been made available to or by a member of the Senior Secured Group which are designated by the Issuer as Senior Secured Notes under the Intercreditor Agreement and references to the "**Topco Notes**" shall include any notes, securities or other debt instruments issued or to be issued by or in relation to which a New Debt Financing has been made available to or by a Topco Borrower which are designated by the Issuer as Topco Notes.

The Intercreditor Agreement uses the term the "**Company**" to refer to the Issuer and "**Senior Secured Notes Liabilities**" to refer to the Notes and certain other indebtedness of the Issuer.

Ranking and Priority

Priority of Debts

The Intercreditor Agreement provides that the liabilities owed by the Senior Secured Group and each other debtor (under the Intercreditor Agreement (together, the "**Debtors**") (other than any member of the Senior Secured Group which is designated as a Topco Borrower under the Intercreditor Agreement (a "**Topco Borrower**")) shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

(i) first, liabilities owed to (A) the lenders, issuing banks and ancillary lenders in relation to any senior secured facilities agreements (a "**Permitted Senior Secured Facilities Agreement**") (the "**Senior Lender Liabilities**"), (B) the lenders, issuing banks, and ancillary lenders in relation to the Revolving Credit Facility Agreement or any future super senior facilities agreement (a "**Permitted Super Senior Secured Facilities Agreement**") and any hedge counterparty under a hedging agreement that is designated by the Issuer as super senior (together the "**Super Senior Liabilities**" and creditors thereof being the "**Super Senior Creditors**"), (C) the Trustee and any trustee in relation to future senior secured notes (each a "**Senior Secured Notes Trustee**") (other than certain amounts paid to it in its capacity as trustee), the holders of the Notes or future senior secured notes (the "**Senior Secured Notes**") and the Security Agent in relation to the Senior Secured Notes (the "**Senior Secured Notes Liabilities**"), (D) the lender under any future loan made by the issuer of any Senior Secured Notes (if so designated by the Issuer in its discretion and not including, for the avoidance of doubt, the Issuer) to a member of the Group for the purposes of on lending the proceeds of any Notes together with any additional or replacement loan made on substantially the same terms (a "**Senior Secured Notes Proceeds Loan**" and the liabilities to the lenders under a Senior Secured Notes Proceeds Loan being the "**Senior Secured Notes Proceeds Loan Liabilities**"), (E) the arrangers, agents, issuing banks and lenders under any cash management facility (a "**Cash Management Facility**" and the liabilities under a Cash Management Facility being the "**Cash Management Facility Liabilities**"), (F) the hedge counterparties in relation to any hedging agreements that are not Super Senior Liabilities (together with the hedging designated by the Issuer as being Super Senior Liabilities, the "**Hedging Liabilities**"), (G) the lenders in relation to any future second lien facility agreement (a "**Second Lien Facility Agreement**" and the liabilities to the lenders under a Second Lien Facility Agreement being the "**Second Lien Lender Liabilities**" and creditors thereof being the "**Second Lien Creditors**"), (H) any second lien notes trustee (other than certain amounts paid to it in its capacity as trustee), the holders of any future second lien notes and the Security Agent in relation to any second lien notes (such second lien notes being "**Second Lien Notes**" and the liabilities in respect of such Second Lien Notes being the "**Second Lien Notes Liabilities**" and together with the Second Lien Lender Liabilities being the "**Second Lien**

Liabilities") (and, in each case, together with the applicable present and future liabilities and obligations (whether actual and contingent and whether incurred solely or jointly) of any Debtor and Third Party Security Provider to any arranger under the Debt Documents in respect thereof), (I) any agent or trustee under any finance documents relating to any of the aforementioned liabilities, any agent or trustee under the Topco Liabilities (as defined below) and to any agent or trustee in relation to certain other unsecured liabilities (together the "**Agent Liabilities**") and (J) the Security Agent, *pari passu* and without any preference between them; and

(ii) second, all liabilities owed (A) to the trustee (other than certain amounts paid to it in its capacity as trustee), and the holders of any future notes issued by or in relation to which a New Debt Financing has been made available to or by a Topco Borrower and designated by the Issuer as Topco Notes and the Security Agent in relation to such Topco Notes (the "**Topco Notes Liabilities**"), (B) to any creditors under any future loan facility made available to any Topco Borrower (the "**Topco Facility Liabilities**" and together with the Topco Notes Liabilities, the "**Topco Liabilities**") (and, in each case, together with the applicable present and future liabilities and obligations (whether actual and contingent and whether incurred solely or jointly) of any Debtor and Third Party Security Provider to any arranger under the Debt Documents in respect thereof), and (C) the liabilities owed under any future loan (a "**Topco Proceeds Loan**") made by any Topco Borrower or an Affiliate which is not a member of the Group to a member of the Group for the purpose of on lending the proceeds of any Topco Notes or Topco Loans (the "**Topco Proceeds Loan Liabilities**"), *pari passu* and without any preference between them.

Priority of Security

The Intercreditor Agreement provides that the liabilities owed by any Topco Borrower to the Secured Parties (as defined below) shall rank *pari passu* in right and priority of payment and without any preference between them in respect of (i) the Senior Lender Liabilities, (ii) the Super Senior Liabilities, (iii) the Senior Secured Notes Liabilities, (iv) the Cash Management Facility Liabilities, (v) the Hedging Liabilities, (vi) the Second Lien Lender Liabilities, (vii) the Second Lien Notes Liabilities, (viii) the Topco Liabilities, (ix) the Topco Proceeds Loan Liabilities, (x) the Agent Liabilities; and (xi) any applicable present and future liabilities and obligations (whether actual and contingent and whether incurred solely or jointly) owed to any arranger in connection with the aforementioned liabilities.

The Intercreditor Agreement provides that the intra-group liabilities owed by one member of the Senior Secured Group to another member of the Senior Secured Group (other than any Subordinated Liabilities (as defined below), any Senior Secured Notes Proceeds Loan Liabilities or Topco Proceeds Loan Liabilities) (the "**Intra-Group Liabilities**") will be subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the creditors under the Senior Lender Liabilities, Super Senior Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Hedging Liabilities, Second Lien Lender Liabilities and Second Lien Notes Liabilities, Topco Liabilities and Topco Proceeds Loan Liabilities and Agent Liabilities (such creditors, together with the Security Agent, any receiver or delegate, any creditor of the Agent Liabilities and any arranger with respect to the Secured Liabilities, the "**Secured Parties**").

The Intercreditor Agreement also provides that the liabilities owed by any member of the Senior Secured Group (other than any Topco Proceeds Loan Liabilities or any Topco Liabilities) to a holding company of the Issuer or to any other person who becomes a subordinated creditor (a "**Subordinated Creditor**") under the Intercreditor Agreement (the "**Subordinated Liabilities**") will be subordinated to the liabilities owed by the Debtors and Third Party Security Providers to the Secured Parties and to the Intra-Group Liabilities.

For the purposes of this description only:

"**Debt Documents**" means the Intercreditor Agreement and the documents creating or evidencing the Cash Management Facility Liabilities, the Hedging Liabilities, the Second Lien Liabilities, the Senior Secured Liabilities, any Senior Secured Notes Proceeds Loan Liabilities (a "**Senior Secured Notes Proceeds Loan Agreement**"), the Topco Liabilities, the Topco Proceeds Loan Liabilities, the unsecured liabilities of any unsecured creditors who are party to the Intercreditor Agreement, the Subordinated Liabilities and the Intra-Group Liabilities (each as defined in this description) and any other document designated as such by the Security Agent and the Issuer.

"**Finance Documents**" means the Revolving Credit Facility Agreement, any Permitted Senior Secured Facilities Agreement, any Permitted Super Senior Secured Facilities Agreement, the indenture in respect of any Senior Secured Notes, any Second Lien Facility Agreement, the indenture in respect of any Second Lien Notes, the facility agreement or other document or instrument documenting any Topco Facility, the indenture in respect of any Topco Notes and any document designated by the Issuer as an unsecured finance document under and in accordance with the Intercreditor Agreement.

"**Secured Creditors**" means the Super Senior Creditors, the Senior Secured Creditors, the Second Lien Creditors and (only in respect of Topco Shared Security and Topco Independent Transaction Security) the Topco Creditors (each as defined below).

"**Secured Debt Documents**" means the documents relating to the Super Senior Liabilities, the Senior Secured Liabilities, the Second Lien Liabilities, the Topco Liabilities and the Hedging Liabilities.

"**Third Party Security Provider**" means the Parent and any person that has provided Transaction Security (including Topco Shared Security) but is not a Debtor in respect of any direct borrowing or guarantee liabilities of the applicable secured obligations to which that Transaction Security relates and which is designated by the Issuer (in its discretion).

"**Transaction Security**" refers to security (from the Senior Secured Group, any Third Party Security Provider and Topco Shared Security (as defined below) (but excluding, for the avoidance of doubt, Topco Independent Transaction Security) (as defined below)) which is created, or expressed to be created, in favor of the Security Agent as agent or trustee (or as *mandatario con rappresentanza*) for the other Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties or (to the extent recognized under applicable law, and in any event other than for security governed by Italian law) in favor of the Security Agent under a parallel debt or similar structure). Transaction Security which is not Topco Shared Security shall secure all liabilities and present and future obligations of the Debtors and Third Party Security Providers to the Secured Parties (other than the creditors under the Topco Liabilities (the "**Topco Secured Parties**")) under the Debt Documents (other than the finance documents relating to the Topco Liabilities (the "**Topco Finance Documents**")).

"**Topco Shared Security**" refers to security at any time which is created, or expressed to be created, over each of (i) the shares in the Issuer held by any direct shareholder of the Issuer, (ii) all receivables owed by the Issuer to a Topco Investor, Subordinated Creditor or other Holding Company or shareholder of the Issuer (including any Topco Proceeds Loan and the Topco Proceeds Loan Liabilities), (iii) the shares in any Topco Borrower which is a member of the Senior Secured Group, (iv) all receivables owed by a member of the Senior Secured Group under any Topco Proceeds Loan (or, in the case of a Topco Borrower which is a member of the Senior Secured Group, any Senior Secured Notes Proceeds Loan), (v) any escrow account relating to the proceeds of any Topco Liabilities and (vi), any other assets not falling within limbs (i), (ii), (iii), (iv) and (v) of this paragraph of a Topco Borrower, and (to the extent that the Issuer has confirmed to the Security Agent that the granting of such Security in favor of the Topco Shared Security Secured Obligations is not prohibited by any applicable prior ranking financing agreements) any other member of the Senior Secured Group and designated as Topco Shared Security by the Issuer (in its discretion) in favor of the Security Agent as agent or trustee (or as *mandatario con rappresentanza*) for the other Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Secured Parties or (to the extent recognized under applicable law, and in any event other than for security governed by Italian law) in favor of the Security Agent under a parallel debt or similar structure). Topco Shared Security shall secure all liabilities and present and future obligations of any member of the Senior Secured Group, and at any time after the incurrence of any Topco Liabilities by a Topco Borrower that is not a member of the Senior Secured Group, such Topco Borrower and each of its Restricted Subsidiaries (the "**Topco Group**"), each Debtor and each Third Party Security Provider to the Secured Parties under the Secured Debt Documents.

"**Topco Independent Transaction Security**" refers to security (other than Transaction Security) which is created, or expressed to be created, by the Parent, any Topco Borrower or any member of the Topco Group that directly holds shares in a Topco Borrower or any such person that is not a member of the Senior Secured Group) and designated as such by the Issuer (in its discretion) (together, the "**Topco Independent Obligors**") in favor of the Security Agent as agent or trustee (or as *mandatario con rappresentanza*) for the other Topco Secured Parties (or if such trustee arrangements are not legally possible, in favor of all the Topco Secured Parties or (to the extent recognized under applicable law, and in any event other than for security governed by Italian law) in favor of the Security Agent under a parallel debt or similar structure). Topco Independent Transaction Security shall secure all liabilities and present and future obligations of each Topco Independent Obligor to the Topco Secured Parties under the Topco Finance Documents.

The Notes will be Senior Secured Notes Liabilities for the purposes of the Intercreditor Agreement. On the Issue Date, no other Senior Secured Liabilities (other than under the Revolving Credit Facility Agreement), Second

Lien Lender Liabilities, Second Lien Notes Liabilities or Topco Liabilities will be outstanding. Such liabilities and liabilities in respect of other new debt financings may only be incurred and/or designated if not prohibited under the terms of the Debt Documents, including, without limitation, the covenants applicable to the Notes described under "*Description of the Notes—Certain Covenants*."

Guarantees and Security: Topco Creditors

The creditors in respect of the Topco Liabilities (the "**Topco Creditors**") have the right to take, accept or receive the benefit of:

(i) any Topco Shared Security from any member of the Senior Secured Group or from a Third Party Security Provider in respect of the Topco Liabilities if and to the extent legally possible and subject to any agreed security principles, at the same time it is also offered either:

  (A) to the Security Agent as agent or trustee (or as *mandatario con rappresentanza*) for the other Secured Parties (or applicable class thereof) in respect of their Liabilities; or

  (B) in the case of any jurisdiction in which effective security cannot be granted in favor of the Security Agent as agent or trustee (or as *mandatario con rappresentanza*) for the Secured Parties (or applicable class thereof):

    (I) to the other Secured Parties (or applicable class thereof) in respect of their Liabilities; or

    (II) (to the extent recognized under applicable law, and in any event other than for security governed by Italian law) to the Security Agent under a parallel debt structure, joint and several creditor structure or agency structure for the benefit of the other Secured Parties (or applicable class thereof),

  and ranks in the same order of priority as described under "Priority of Security" above, provided that all amounts received or recovered by any Topco Creditor with respect to such Topco Shared Security are immediately paid to the Security Agent for application as set out under "*—Application of Proceeds*" below;

(ii) any guarantee, indemnity or other assurance from any member of the Senior Secured Group in respect of the Topco Liabilities in addition to any guarantee, indemnity or assurance in the original form of any Topco Finance Documents or the Intercreditor Agreement, or given to all the Secured Parties as security for the liabilities of the Topco Group, each Debtor and any Third Party Security Provider to the Secured Parties under the Debt Documents if, subject to any agreed security principles:

  (A) (except for any guarantee, indemnity or other assurance permitted by the Finance Documents), the Secured Parties other than the Topco Creditors (the "**Priority Secured Parties**") already benefit from such a guarantee, indemnity or other assurance or at the same time it is also offered to the Priority Secured Parties and ranks in the same order of priority as described under "*—Priority of Debts*" and "*Priority of Security*" above, as applicable; and

  (B) all amounts received by any Topco Creditor with respect to such guarantee, indemnity or assurance are immediately paid to the Security Agent for application as set out under "*—Application of Proceeds*" below; and

(iii) any security, guarantee indemnity or other assurance:

  (A) from any person that is not a member of the Group; and

  (B) from any member of the Group:

    (I) in connection with any escrow or similar arrangements relating to amounts held by a person which is not a member of the Topco Group prior to release of those amounts to a member of the Topco Group;

    (II) in connection with any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Secured Liabilities not prohibited by the Intercreditor Agreement; or

    (III) as otherwise permitted by the Intercreditor Agreement.

No security (other than pursuant to the secured documents relating to Topco Independent Transaction Security or Topco Shared Security or as described above) shall be granted by a member of the Senior Secured Group in respect of any Topco Liabilities.

New Debt Financing

The Intercreditor Agreement provides, subject to certain conditions, for the implementation of existing, additional, supplemental or new financing arrangements that will constitute, for the purposes of the Intercreditor Agreement, Senior Lender Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Hedging Liabilities, Second Lien Liabilities, Topco Liabilities, Super Senior Liabilities or Hedging Liabilities (each a "**New Debt Financing**"). The conditions include certification by the Issuer that such New Debt Financing is not prohibited under the terms of the Finance Documents.

Such financing arrangements may be implemented by way of refinancing, replacement, exchange, set-off, discharge or increase of any such new, existing, additional, supplemental financing arrangement under the relevant finance documents. In connection with and in order to facilitate any New Debt Financing, each agent in respect of any Priority Secured Liabilities and the Security Agent (and each other person party to a Transaction Security document or a Topco Independent Transaction Security document) is authorized and instructed to enter promptly into any new security document, amend or waive any term of an existing security document and/or release any asset from the Transaction Security or Topco Independent Transaction Security (as the case may be) and/or to effect the ranking, priority guarantees and security of the New Debt Financing subject to certain conditions, including as regards the terms of any such new security in relation to such New Debt Financing (which shall be, unless otherwise agreed by the Issuer or otherwise required by the Issuer to the extent that the existing Transaction Security or Topco Independent Transaction Security is not being amended or released and the new Transaction Security or new Topco Independent Transaction Security only secures the New Debt Financing, substantially the same as the terms applicable to the existing Transaction Security or Topco Independent Transaction Security over equivalent assets).

Where any indebtedness ("**Permitted Acquired Indebtedness**") which is not prohibited under the Finance Documents is incurred by or in connection with the acquisition of (i) a person or any of its subsidiaries who, after the Closing Date, becomes a Restricted Subsidiary or merges, consolidates or is otherwise combined with a Restricted Subsidiary, or (ii) in relation to an asset of any such person or which is otherwise acquired after the Closing Date (together an "**Acquired Person or Asset**"), any security, guarantee, indemnity or other assurance against loss in respect of such New Debt Financing which is subsisting at the date when the conditions to the incurrence of such New Debt Financing set out in the Intercreditor Agreement have been satisfied (or is to be granted thereafter, including subject to any condition or periodic testing) shall be permitted to subsist and there is no requirement to offer that security, guarantee, indemnity or other assurance in respect of any other liabilities under any Debt Document. No security, guarantee, indemnity or other assurance against loss is required to be given by any member of the Topco Group in respect of any liabilities (including under any Debt Document) (i) over any Acquired Person or Asset if this would breach a contractual undertaking applicable to the Topco Group or is excluded or exempt from being given under the Agreed Security Principles (as defined in the Revolving Credit Facility Agreement), (ii) over any asset required (including subject to any condition) to provide credit support in relation to any Permitted Acquired Indebtedness (other than as a result of any obligation to extend any Transaction Security ratably for the benefit of such Permitted Acquired Indebtedness), or (iii) where the grant of such security, guarantee, indemnity or other assurance against loss is prevented by the documentation in relation to such Permitted Acquired Indebtedness or would give rise to an obligation (including any payment obligation but not including any obligation to extend any Transaction Security ratably for the benefit of such Permitted Acquired Indebtedness) under or in relation thereto.

Permitted Payments

Permitted Payments in Respect of the Senior and Super Senior Debt

The Debtors and Third Party Security Providers may make payment in respect of the Senior Lender Liabilities, Senior Secured Notes Liabilities, Super Senior Liabilities and Cash Management Facility Liabilities (together with the Hedging Liabilities, the "**Senior Secured Creditor Liabilities**", the creditors in respect thereof being the "**Senior Secured Creditors**") at any time, *provided* that following certain acceleration events under the Revolving Credit Facility Agreement or any Permitted Senior Secured Facilities Agreement or Senior Secured Notes Indenture or Permitted Super Senior Secured Facilities Agreement or following an Insolvency Event (defined below), payments may only be made by the Debtors or Third Party Security Providers and received by creditors in accordance with the provisions described below under "*Application of Proceeds"* provided that there shall be no obligation to turnover any such payments received, other than those related to an enforcement of Transaction Security or a Distressed Disposal (as defined below) of assets subject to the Transaction Security.

Any failure to make a payment in accordance with the Senior Secured Finance Documents following an acceleration event as required by the Intercreditor Agreement shall not prevent the occurrence of an event of default under such applicable Senior Secured Finance Documents.

Permitted Payments in Respect of the Second Lien Debt

Prior to the first date on which all of the Senior Liabilities, the Super Senior Liabilities and the Senior Secured Notes Liabilities (together being the "**Senior Secured Liabilities**" and together with the Second Lien Liabilities and Topco Liabilities being the "**Secured Liabilities**") have been discharged (the "**Senior Secured Discharge Date**"), the Issuer, the members of the Group and Third Party Security Providers may only make specified scheduled payments in respect of the Second Lien Liabilities, in accordance with the finance documents governing such Second Lien Liabilities, subject to compliance with certain conditions in the Intercreditor Agreement.

The principal conditions are that the relevant payment (if it is a payment of principal or capitalized interest) is not prohibited by any prior ranking financing agreement, including any Permitted Super Senior Secured Facilities Agreement, Permitted Senior Secured Facilities Agreement and any Senior Secured Notes Indenture (or if it is so prohibited, that all necessary consents have been obtained to permit it or is otherwise permitted under the Intercreditor Agreement), no payment stop notice has been issued to the agent or trustee for the relevant Second Lien Liabilities and no Senior Secured Payment Default (as defined below) has occurred and is continuing.

Certain specified payments in respect of Second Lien Liabilities are also permitted at all times, notwithstanding that a payment stop notice is outstanding or such a payment default is continuing. These payments and basket amounts are substantially similar to those referenced for Topco Liabilities in (ii) of the next paragraph.

Permitted Payments in Respect of Topco Liabilities

Prior to the date which is the later of the Senior Secured Discharge Date and the first date (the "**Second Lien Discharge Date**") on which all Second Lien Liabilities have been discharged (the "**Priority Discharge Date**"), the Issuer, the members of the Group, Topco Borrowers and Third Party Security Providers may only make specified scheduled payments to the Topco Creditors or any Topco Borrower (in respect of the Topco Liabilities) or a Topco Investor (in respect of any Topco Proceeds Loan Liabilities only) (together being the "**Topco Group Liabilities**") to the Topco Creditors or any holding company of the Issuer or other lender in respect of a Topco Proceeds Loan (in respect of the Topco Proceeds Loan Liabilities only) (such payments together being the "**Permitted Topco Payments**"):

(i) if:

   (A) no Topco Payment Stop Notice (as defined below) is outstanding;

   (B) no payment default (subject to a *de minimis* threshold in the case of amounts other than principal, interest or certain fees) has occurred and is continuing under any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement, Cash Management Facility document or Senior Secured Notes document (a "**Senior Secured Payment Default**"), or under the Second Lien Facilities or Second Lien Notes (a "**Second Lien Payment Default**"); and

   (C) the payment is of (1) any amount of principal or capitalized interest in respect of the Topco Liabilities which is (x) not prohibited by any prior ranking financing agreements (in respect of the Senior Secured Liabilities and the Second Lien Liabilities), or any required consents to permit such payment have been obtained or (y) required in connection with a Non-Distressed Disposal (as defined below) or any other transaction not prohibited by the terms of any Finance Documents or for claims and other proceeds sought before the occurrence of an acceleration event has occurred and is continuing or the enforcement of any Transaction Security pursuant to such acceleration event, (2) any other amount which is not an amount of principal or capitalized interest (such other amounts including all scheduled interest payments (including, if applicable, special interest (or liquidated damages) the accrual of cash interest otherwise payable during a period when a Topco Payment Stop Notice is outstanding and default interest on the Topco Liabilities accrued and payable but not included in paragraph (1) above in accordance with the terms of the relevant Topco Finance Document (as at the date of the issue of the same or as amended in accordance with the terms of the

Intercreditor Agreement and the other Debt Documents), additional amounts payable as a result of the tax gross-up provisions relating to Topco Liabilities and amounts in respect of currency indemnities in any Topco Finance Document, (3) made in pursuance of a debt buy-back program approved by the Majority Senior Secured Creditors, Majority Super Senior Creditors and Majority Second Lien Creditors (each as defined below), or (4) amounts due under any syndication strategy letter relating to the Topco Finance Documents;

(ii) if, notwithstanding that a Topco Payment Stop Notice (as defined below) is outstanding and/or (other than in respect of paragraph (N) below) a Senior Secured Payment Default and/or a Second Lien Payment Default has occurred and is continuing and (if the Topco Borrower is a guarantor or borrower under any prior ranking debt facilities at such time, other than in respect of paragraph (L) below) irrespective of whether any creditors under prior ranking debt facilities have accelerated their debt, the payment is not prohibited to be made at such time by any prior ranking financing agreements (in respect of the Senior Secured Liabilities and the Second Lien Liabilities), or the payment is (without double counting any equivalent applicable basket in any Debt Document, but whether or not permitted by the Debt Documents): (A) of ongoing fees under any original fee letter relating to the Topco Finance Documents, (B) of commercially reasonable advisory and professional fees for restructuring advice and valuations (including legal advice and the advice of other appropriate financial and/or restructuring advisors) and any fees, costs or expenses of the relevant Topco Agent (as defined below)not exceeding €1,500,000 in aggregate, but excluding the costs of any litigation against a Senior Secured Creditor or Second Lien Creditor (or their affiliates), (C) of any amounts owed to a Topco Agent (as defined below), (D) of costs necessary to protect, preserve or enforce security, (E) of any costs, commissions, taxes, premiums, amendment fees (including any original issue discount and other consent and/or waiver fees) and any expenses incurred in respect of (or reasonably incidental to) the Topco Finance Documents (including in relation to any reporting or listing requirements under the Topco Finance Documents), (F) of any other amount not exceeding €5,000,000 in any financial year of the Issuer, provided that any such amount not so applied may be carried forward and utilized in the subsequent financial year (where it shall be deemed to have been used first), (G) of any amount of the Topco Liabilities which would have been payable but for the issue of a Topco Payment Stop Notice (which has since expired and no new Topco Payment Stop Notice is outstanding) which has been capitalized and added to the principal amount of the Topco Liabilities or where that amount is outstanding as a result of the accrual of cash interest payable in respect of the Topco Liabilities during such period or any such amount described at (i)(C) above, provided that no such payment may be made if certain events of default have occurred under the Senior Secured Liabilities or Second Lien Liabilities or would occur as a result of making such payment, (H) for as long as an event of default under the Senior Secured Liabilities, Second Lien Liabilities or Topco Group Liabilities documents which is continuing, all or part of the Topco Liabilities being released or otherwise discharged solely in consideration for the issues of shares in any holding company of the Issuer (a "**Debt for Equity Swap**") provided that no cash or cash equivalent payment is made in respect of the Topco Liabilities, that it does not result in a Change of Control as defined in any prior ranking finance agreement or Topco Finance Document and that any Liabilities owed by a member of the Senior Secured Group to another member of the Senior Secured Group, to the Subordinated Creditors or to any other holding company of the Issuer that arise as a result of any such Debt for Equity Swap are subordinated to the Senior Secured Liabilities and Second Lien Liabilities pursuant to the Intercreditor Agreement and the Senior Secured Creditors and Second Lien Creditors are granted Transaction Security in respect of any of those Intra-Group Liabilities or Subordinated Liabilities owed by any member of the Senior Secured Group, (I) of non-cash interest made by way of capitalizing interest or issuing a non-cash pay instrument which is subordinated on the same terms as the Topco Liabilities, (J) of audit fees, directors' fees, taxes and other proper and incidental expenses required to maintain existence or any other reasonable and ordinary course administrative and maintenance costs and expenses of a Topco Borrower or an Affiliate thereof, (K) if the payment is funded directly or indirectly with the proceeds of Topco Liabilities incurred under or pursuant to any Topco Finance Documents, (L) if the payment is made by the Topco Borrower in respect of its obligations under the Topco Finance Documents; and such payment is not directly or indirectly sourced from a member of the Senior Secured Group or such payment is funded from proceeds received by the Topco Borrower from the Senior Secured Group without breaching the terms of the Debt Documents, (M) if the payment is of a principal amount of the Topco Liabilities and made in accordance with a provision in a Topco Finance Document relating to prepayment upon illegality or any other provision that permits the repayment in full of the participation of any Topco Creditor (without a related requirement to repay all other Topco Creditors), including a provision (if any) in a Topco Finance Document which is substantially equivalent to the prepayment of a single lender in the event of a tax gross-up, increased costs or other indemnity becoming payable and (N) if no Senior Secured Payment Default or Second Lien Payment Default has occurred and is continuing the payment is a payment of principal, interest or any other amounts made on or after the final maturity date of the relevant Topco Liabilities (provided that such maturity date is no earlier than that contained in the original form of the relevant Topco Finance Document as of the date of first issuance or borrowing (as the case may be) of the applicable Topco Liabilities); or

(iii) if the requisite Senior Secured Creditors, Super Senior Creditors and Second Lien Creditors give prior consent to that payment being made.

A reference in the section above to a payment shall be construed to include any other direct or indirect step, matter, action or dealing in relation to any Topco Liabilities which are otherwise prohibited under the Intercreditor Agreement.

On or after the Priority Discharge Date, the Debtors, the Topco Borrowers and the Third Party Security Providers may make payments in respect of the Topco Group Liabilities in accordance with the Topco Finance Documents and the Topco Proceeds Loan Agreement (as applicable).

Topco Liabilities Payment Block Provisions

A Topco Payment Stop Notice (as defined below) is outstanding from the date falling one Business Day after the date on which, following the occurrence of an event of default under any Senior Secured Liabilities (a "**Senior Secured Event of Default**") or an event of default under the Second Lien Liabilities (a "**Second Lien Event of Default**"), the Security Agent (acting on the instructions of the requisite Super Senior Creditors, Senior Secured Creditors or Second Lien Creditors) gave the instructions for the relevant stop notice to be delivered (a "**Topco Payment Stop Notice**") to the agent under any Topco Facility (the "**Topco Agent**") and the trustee under any Topco Notes (the "**Topco Notes Trustee**") advising that the Senior Secured Event of Default or Second Lien Event of Default is continuing and suspending payments by the Senior Secured Group of the Topco Liabilities, until the first to occur of:

(i) the date falling 179 days after delivery of that Topco Payment Stop Notice;

(ii) the date on which a default occurs for failure to pay principal at the original scheduled maturity of the relevant Topco Liabilities;

(iii) if a Topco Standstill Period (as defined below) commences after delivery of that Topco Payment Stop Notice, the date on which such standstill period expires;

(iv) the date on which the relevant Senior Secured Event of Default or Second Lien Event of Default has been remedied or waived;

(v) the date on which the Security Agent (acting on the instructions of whichever of the Majority Super Senior Creditors, Majority Senior Secured Creditors or Majority Second Lien Creditors gave the instructions for the relevant Topco Payment Stop Notice to be delivered) delivers a notice to the Topco Borrower, the Topco Agent and the Topco Notes Trustee cancelling the Topco Payment Stop Notice;

(vi) the Priority Discharge Date; and

(vii) the date on which the Topco Creditors take any enforcement action that is permitted under the Intercreditor Agreement (see "*—Permitted Topco Enforcement*" below).

No Topco Payment Stop Notice may be delivered by the Security Agent in reliance on a Senior Secured Event of Default or a Second Lien Event of Default more than 45 days after the occurrence of the relevant event of default. No more than one Topco Payment Stop Notice may be served (i) with respect to the same event or set of circumstances, or (ii) in any period of 360 days.

Any failure to make a payment due in respect of the Topco Group Liabilities as a result of the issue of a Topco Payment Stop Notice or the occurrence of a Senior Secured Payment Default or Second Lien Payment Default shall not prevent (i) the occurrence of an event of default as a consequence of that failure to make a payment in relation to the relevant Topco Group Liabilities, or (ii) the issue of an enforcement notice in respect of an event of default under the finance documents documenting any Topco Group Liabilities (a "**Topco Enforcement Notice**") on behalf of the Topco Creditors.

Payment Obligations and Capitalization of Interest Continue

Nothing in the Second Lien or Topco payment block provisions will release any Debtor from the liability to make any payment (including of default interest, which shall continue to accrue) under the applicable Debt

Documents even if its obligation to make such payment is restricted at any time. The accrual and capitalization of interest (if any) in accordance with the applicable Debt Documents shall continue notwithstanding the issue of a payment stop notice.

Cure of Payment Stop

If:

(i) at any time following the issue of a Topco Payment Stop Notice or the occurrence of a Senior Secured Payment Default or Second Lien Payment Default, that Topco Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Secured Payment Default or Second Lien Payment Default ceases to be continuing; and

(ii) the relevant Debtor or Topco Borrower then promptly pays to the Topco Creditors or any party that has acceded to the Intercreditor Agreement as a creditor under a Topco Proceeds Loan (the "**Topco Investors**") (in respect of the Topco Proceeds Loan Liabilities only) an amount equal to any payments which had accrued under the Topco Finance Documents or the Topco Proceeds Loan Agreement (as applicable) and which would have been Permitted Topco Payments but for that Topco Payment Stop Notice or Senior Secured Payment Default or Second Lien Payment Default (as the case may be),

then any event of default which may have occurred under a Topco Finance Document or Topco Proceeds Loan Agreement and any Topco Enforcement Notice which may have been issued as a result of that suspension of payments shall be waived without any further action being required.

Turnover

Subject to certain exceptions, the Intercreditor Agreement will provide that if, at any time prior to the latest to occur of the Super Senior Discharge Date (as defined below), the Senior Secured Discharge Date, the Second Lien Discharge Date and the first date on which all of the Topco Liabilities have been fully discharged (the "**Topco Discharge Date**") (the "**Final Discharge Date**") any creditor (other than a Senior Secured Creditor) receives or recovers from any Debtor, member of the Senior Secured Group or Third Party Security Provider:

(i) any payment or distribution of, or on account of or in relation to, any of the liabilities owed to the creditors under the Debt Documents other than any payment or distribution which is either (x) not prohibited under the Intercreditor Agreement or (y) made in accordance with the provisions set out below under "—*Application of Proceeds*";

(ii) any amount by way of set-off which does not give effect to a payment permitted under the Intercreditor Agreement;

(iii) any amount:

  (A) on account of, or in relation to, any of the liabilities owed to the creditors under the Debt Documents (I) after the occurrence of an acceleration event or the enforcement of any Transaction Security as a result of such an acceleration event, or (II) as a result of any other litigation or proceedings against a Debtor, member of the Senior Secured Group or any Third Party Security Provider (other than after the occurrence of an Insolvency Event); or

  (B) by way of set-off in respect of any of the liabilities owed to it after the occurrence of an acceleration event or the enforcement of any Transaction Security as a result of such an acceleration event,

  other than, in each case, any amount received or recovered in accordance with the provisions set out below under "*Application of Proceeds"* and in the case of Intra Group Liabilities, any amount received or recovered in accordance with the Intercreditor Agreement (to the extent permitted to be received or recovered notwithstanding that an Acceleration Event is continuing);

(iv) the proceeds of any enforcement of any of the Transaction Security except in accordance with the provisions set out below under "*Application of Proceeds"*; or

(v) any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any Debtor, any member of the Senior Secured Group or Third Party Security Provider which is not in accordance with the provisions set out below under "—*Application of Proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that Debtor, member of the Senior Secured Group or Third Party Security Provider, that creditor will:

(i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for (or otherwise on behalf and for the account of) the Security Agent and promptly pay or distribute that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement, and (y) promptly pay or distribute an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

A turnover mechanism on substantially the same terms applies in the event that, at any time prior to the Final Discharge Date, any Senior Secured Creditor receives or recovers from any Debtor, any member of the Senior Secured Group or Third Party Security Provider (x) any proceeds from the enforcement of security or from a Distressed Disposal (as defined below) or following an acceleration event or the enforcement of security, any proceeds arising from any of the charged property or (y) any other amounts which should otherwise be received or recovered by the Security Agent except in accordance with the provisions set out below under "—*Application of Proceeds*."

Effect of Insolvency Event

"**Insolvency Event**" is defined as, in relation to any Obligor, Material Subsidiary (being each original obligor under the Revolving Credit Facility Agreement and, subject to certain adjustments and the agreed security principles that apply to the Revolving Credit Facility Agreement, each member of the Group that has an EBITDA representing 5% of the Consolidated EBITDA of the Group) or Third Party Security Provider, (a) the passing of any resolution or making of an order for insolvency, bankruptcy, winding up, dissolution, administration, examination or reorganization (excluding solvent reorganizations), (b) a composition, compromise, assignment or arrangement with any class of creditors generally (other than any Secured Party) in connection with or as a result of any financial difficulty on the part of that Obligor, Material Subsidiary or Third Party Security Provider, (c) a moratorium is declared in relation to any of its indebtedness, (d) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of it or any of its assets, or (e) any analogous procedure or step is taken in any jurisdiction, other than (in each case), (i) frivolous or vexatious proceedings and which, if capable of remedy, are discharged, stayed or dismissed within 20 business days of commencement or, if earlier, the date on which it is advertised (or such other period as agreed between the Issuer and the Instructing Group), (ii) (in the case of an application to appoint an administrator or commence proceedings) any proceedings which the Security Agent is satisfied will be withdrawn or unsuccessful or (iii) as permitted under any Senior Secured Credit Facility Agreement or in any Permitted Senior Secured Facilities Agreement, Permitted Super Senior Secured Facilities Agreement or a Second Lien Facility Agreement, or otherwise not constituting a default.

The Intercreditor Agreement provides that, after the occurrence of an Insolvency Event, any party entitled to receive a distribution out of the assets of an Obligor, Material Subsidiary or Third Party Security Provider (in the case of a Senior Secured Creditor, only to the extent such amounts constitute proceeds of enforcement) shall, to the extent able to do so, direct the person responsible for the distribution to pay that distribution to the Security Agent until the liabilities owing to the Secured Parties have been paid in full. The Security Agent shall apply all such distributions paid to it in accordance with the provisions set out under "—*Application of Proceeds*" below.

To the extent that any member of the Senior Secured Group or Third Party Security Provider's liabilities to creditors are, with certain exceptions, discharged by way of set-off (mandatory or otherwise and, in the case of a Senior Secured Creditor, only to the extent such amounts constitute proceeds of enforcement) after the occurrence of an Insolvency Event, any creditor benefiting from such set-off shall pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out under "—*Application of Proceeds*" below.

If the Security Agent or any other Secured Party receives a distribution in a form other than in cash in respect of any liabilities, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards such liabilities.

Subject to certain netting and set-off rights under ancillary or cash management facilities, after the occurrence of an Insolvency Event, each creditor irrevocably authorizes the Security Agent to take Enforcement Action (as defined below), make demands, collect and receive distributions, file claims and take other actions necessary to make recovery in relation to the Debtors, member of the Senior Secured Group or Third Party Security Provider. The creditors agree to do all things the Security Agent reasonably requests in order to give effect to these provisions.

Security Enforcement Regime

Enforcement of Security

The Intercreditor Agreement provides that the Security Agent may not take any action to enforce the Transaction Security or the Topco Independent Transaction Security without the prior written consent of an Instructing Group, Majority Second Lien Creditors or Majority Topco Creditors (as applicable) otherwise as specified in the provisions described below.

An "**Instructing Group**" means:

(i) prior to the later of the Senior Secured Discharge Date and the first date on which the Super Senior Liabilities have been fully and finally discharged (the "**Super Senior Discharge Date**"), Senior Secured Creditors (other than the Super Senior Creditors) representing more than 50% of the credit participations of the Senior Secured Liabilities (other than the Super Senior Liabilities) (the "**Majority Senior Secured Creditors**"), and Super Senior Creditors representing more than 50% of the credit participations of the Super Senior Secured Liabilities (the "**Majority Super Senior Creditors**") save that, for instructions relating to enforcement, it shall mean the group of Secured Creditors entitled to give instructions in accordance with the enforcement regime described under "*—Enforcement of Transaction Security*" below;

(ii) on or after the later of the Senior Secured Discharge Date and the Super Senior Discharge Date but before the Priority Discharge Date, Second Lien Creditors representing more than 50% of the credit participations of the Second Lien Liabilities (the "**Majority Second Lien Creditors**"); and

(iii) on or after the Priority Discharge Date but before the Topco Discharge Date, Topco Creditors representing more than 50% of the credit participations of the Topco Liabilities (the "**Majority Topco Creditors**").

Enforcement of Transaction Security

The Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise in accordance with the provisions described in this paragraph. If the Transaction Security has become enforceable, if either the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to issue enforcement instructions their respective representatives (and, if applicable, the hedge counterparties) shall deliver a copy of those instructions (an "**Initial Enforcement Notice**") to the Security Agent and to the other agents, trustees and hedge counterparties which did not deliver such Initial Enforcement Notice.

The Security Agent will act in accordance with any instructions (provided they are consistent with the Enforcement Principles (as defined below)) received from (i) the Majority Senior Secured Creditors, (ii) if the Majority Senior Secured Creditors have not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue within three months of the Initial Enforcement Notice or the Super Senior Discharge has not occurred within six months of the Initial Enforcement Notice, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (iii) if an Insolvency Event (other than an Insolvency Event directly caused by enforcement action taken at the request of a Super Senior Creditor) is continuing, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (iv) if the Majority Senior Secured Creditors have not made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue and the Majority Super Senior Creditors (x) determine in good faith that a delay could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce the Transaction Security or on the realization of proceeds and (y) deliver instructions they reasonably believe is consistent with the Enforcement Principles (as defined below) before the Security Agent has received any instructions from the Majority Senior Secured Creditors, the Majority Super Senior Creditors, until the Super Senior Discharge Date has occurred, (v) if, prior to the later of the Senior Secured Discharge Date and the Super Senior Discharge Date, the Majority Senior Secured Creditors or the Majority Super Senior Creditors (as applicable) have not given instructions or they have instructed the Security Agent not to enforce or cease enforcing and have not required any Debtor or Third Party Security Provider to make a Distressed Disposal, the Majority Second Lien Creditors, where the rights of the Second Lien Creditors to enforce have arisen under the

Intercreditor Agreement, or (vi) if, prior to the Priority Discharge Date, the Majority Senior Secured Creditors or the Majority Super Senior Creditors or the Majority Second Lien Creditors (as applicable) have not given instructions or they have instructed the Security Agent not to enforce or cease enforcing and have not required any Debtor or Third Party Security Provider to make a Distressed Disposal, the Majority Topco Creditors who are then entitled to give such instructions under the Intercreditor Agreement.

Notwithstanding the preceding paragraph, if at any time the agents or representatives of the Second Lien Creditors or Topco Creditors then entitled to give the Security Agent instructions either give such instruction or indicate any intention to give such instruction, then the Majority Senior Secured Creditors or Majority Super Senior Creditors to the extent that such group is entitled to give enforcement instructions as described in the paragraph above may give instructions to the Security Agent to enforce the Transaction Security as they see fit and the Security Agent shall act on such instructions.

"**Enforcement Principles**" means certain requirements as to the manner of enforcement, including that (i) to the extent consistent with a prompt and expeditious realization of value, the method of enforcement chosen should maximize the value realized from such enforcement, (ii) certain proceeds must be received in cash, and (iii) enforcement in relation to assets over €5,000,000 or shares if not carried out by way of a public auction or other competitive sales process, shall (if the Security Agent is requested to do so by the Majority Super Senior Creditors or Majority Senior Secured Creditors) benefit from a fairness opinion from an investment bank, firm of accountants or third party financial adviser.

Enforcement—Topco Independent Transaction Security

Subject to the Topco Independent Transaction Security having become enforceable in accordance with its terms, an agent or trustee under the Topco Finance Documents (acting on the instructions of the Majority Topco Creditors) may give or refrain giving, instructions to the Security Agent to enforce or refrain from enforcing the Topco Independent Transaction Security as they see fit.

Manner of Enforcement

If the Transaction Security or Topco Independent Transaction Security is being enforced in accordance with any of the above paragraphs, the Security Agent shall enforce the relevant Transaction Security or Topco Independent Transaction Security in such manner (including, without limitation, the selection of any administrator of any Debtor or Third Party Security Provider to be appointed by the Security Agent) as any persons entitled at any time under the above provisions shall instruct it or, in the absence of any such instructions, as the Security Agent sees fit (which may include taking no action).

Security Held by Other Creditors

If any Transaction Security or Topco Independent Transaction Security is held by a creditor other than the Security Agent, then creditors may only enforce that Transaction Security or Topco Independent Transaction Security in accordance with instructions given by instructing creditors in accordance with the paragraphs above.

Enforcement Regime

Restrictions on Enforcement by Second Lien Creditors

Certain of the features set out below with respect to Topco Creditors may apply to the Second Lien Creditors, with appropriate modifications for the relative position in the capital structure.

Restrictions on Enforcement by Topco Creditors

Until the Priority Discharge Date, except with the prior consent of or as required by an Instructing Group, (i) no Topco Creditor or Topco Investor shall direct the Security Agent to enforce, or otherwise require the enforcement of any Transaction Security (including the crystallization of any floating charge forming part of the Transaction Security); (ii) no Topco Creditor nor Topco Investor shall take or require the taking of any Enforcement Action (as defined below) against any member of the Senior Secured Group or Third Party Security Provider (other than in each case (and to the extent not restricted by (i) above and (iii) below) against a Topco Borrower) in relation to the Topco Group Liabilities; and (iii) no Topco Creditor nor Topco Investor nor Topco Borrower shall take or require the taking of any Enforcement Action (as defined below) in relation to Topco Proceeds Loan Liabilities, except in the case of each of (i) through (iii) as set out under "*—Permitted Topco Enforcement*" below.

Other than as restricted by (i) and (iii) in the paragraph above, any Topco Creditor may at any time take any Enforcement Action (as defined below) against any person that is not a member of the Senior Secured Group, in each case in accordance with the terms of the Topco Finance Documents.

"*Enforcement Action*" is defined as:

(i) (A) in relation to any liabilities (other than unsecured liabilities) the acceleration, putting on demand, making of a demand, requiring a member of the Topco Group or Third Party Security Provider to acquire such liabilities (subject to certain exceptions), exercising of rights of set-off (other than certain netting under hedging agreements or as otherwise permitted under the Debt Documents) or (B) suing or commencing proceedings in relation to such liabilities;

(ii) premature termination or close-out of a hedging agreement, save to the extent permitted by the Intercreditor Agreement;

(iii) the taking of steps to enforce or require the enforcement of the Transaction Security or, as the case may be, Topco Independent Transaction Security (including the crystallization of any floating charge) as a result of an acceleration event;

(iv) entering into any composition, compromise, assignment or similar arrangement with any Third Party Security Provider or a member of the Topco Group which owes any liabilities or has given security or guarantees or other assurances against loss in respect of liabilities owed to a creditor under the Intercreditor Agreement (other than any action permitted under the Intercreditor Agreement or any debt buy-backs pursuant to open market debt repurchases, tender offers or exchange offers not undertaken as part of an announced restructuring or turnaround plan or while a default was outstanding under the relevant finance documents); or

(v) petitioning, applying, voting for or taking steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to the winding up, dissolution, administration or reorganization of any Third Party Security Provider or a member of the Topco Group which owes any liabilities or has given security or guarantees or other assurances against loss in respect of liabilities owed to a creditor under the Intercreditor Agreement or any of such Third Party Security Provider or member of the Topco Group's assets or any suspension of payments or moratorium of any indebtedness of any such Third Party Security Provider or member of the Topco Group, or any analogous procedure or step in any jurisdiction,

except that the following shall not constitute Enforcement Action, (A) suing, commencing proceedings or taking any action referred to in paragraph (i)(B) and (v) where necessary to preserve a claim, (B) discussions between or proposals made by the Priority Secured Parties with respect to enforcement of the Transaction Security in accordance with the Intercreditor Agreement, (C) bringing proceedings in connection with a securities violation, securities or listing regulations or common law fraud or to restrain any breach of the Debt Documents or for specific performance with no claims for damages, (D) proceedings brought by a Secured Party to obtain injunctive relief, specific performance with no claim for damages or to request judicial interpretation in relation to a Debt Document to which it is party with no claim for damages, (E) demands made by intra-group lenders or Subordinated Creditors to the extent they relate to payments permitted under the Intercreditor Agreement or the release of the liabilities owed to such creditors in return for the issue of shares in the relevant member of the Senior Secured Group provided that the ownership interest of the member of the Senior Secured Group is not diluted and any relevant shares remain subject to the same Transaction Security as existed prior to the issue, (F) proceedings brought by an ancillary lender, a lender of Cash Management Facility Liabilities (a "**Cash Management Facility Lender**"), hedge counterparty, issuing bank, or agent or trustee in respect of the Second Lien Liabilities or Topco Liabilities to obtain injunctive relief, specific performance with no claim for damages or to request judicial interpretation in relation to a Debt Document to which it is party with no claim for damages or in connection with any securities violation, securities or listing regulations or common law fraud and (G) taking of any action by a member of the Topco Group not prohibited by the Finance Documents.

Permitted Topco Enforcement

The restrictions set out above under "*—Restrictions on Enforcement by Topco Creditors*" will not apply in respect of the Topco Group Liabilities, Topco Proceeds Loan Liabilities, or any Transaction Security securing the Topco Group Liabilities, if:

(i) an event of default (the "**Topco Event of Default**") under a Topco Finance Document or a Topco Proceeds Loan Agreement (the "**Relevant Topco Default**") is continuing;

(ii) all agents or trustees in respect of the Senior Lender Liabilities, Senior Secured Notes Liabilities, and Second Lien Liabilities have received a notice of the Relevant Topco Default specifying the event or circumstance in relation to the Relevant Topco Default from the Topco Agent, the Topco Notes Trustee or the Topco Borrower in relation to the relevant Topco Group Liabilities;

(iii) a Topco Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Topco Default is continuing at the end of that Topco Standstill Period.

Promptly upon becoming aware of a Topco Event of Default, a Topco Notes Trustee, Topco Agent or Topco Investor (as the case may be) may give a Topco Enforcement Notice notifying any agent under a Permitted Senior Secured Facilities Agreement (the "**Senior Agent**"), senior secured notes trustee, the Second Lien Agent and any second lien notes trustee of the existence of such event of default.

"**Topco Standstill Period**" means the period beginning on the date (the "**Topco Standstill Start Date**") a Topco Enforcement Notice is served in respect of such a Relevant Topco Default and ending on the earliest to occur of:

(i) the date falling 179 days after the Topco Standstill Start Date;

(ii) the date the Priority Secured Parties take any Enforcement Action in relation to a particular Debtor or Third Party Security Provider, *provided* that:

(A) if a Topco Standstill Period ends pursuant to this paragraph (ii), the Topco Creditors or a Topco Investor (in respect of the Topco Proceeds Loan Liabilities only) may only take the same Enforcement Action in relation to a Topco Guarantor as the Enforcement Action taken by the Priority Secured Parties against such Topco Guarantor and not against any other member of the Senior Secured Group or Third Party Security Provider; and

(B) Enforcement Action for the purpose of this paragraph shall not include action taken to preserve or protect any security as opposed to realize it;

(iii) the date of an Insolvency Event (as defined above) in relation to a particular Topco Guarantor against whom Enforcement Action is to be taken;

(iv) the expiry of any other Topco Standstill Period outstanding at the date such first mentioned Topco Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy); and

(v) the first date on which each of the Majority Super Senior Creditors, the Majority Senior Secured Creditors and the Majority Second Lien Creditors (as applicable) have given their consent to the relevant Enforcement Action.

The Topco Creditors or Topco Investor (in respect of the Topco Proceeds Loan Liabilities only) may take Enforcement Action under the provisions described in this section (*Permitted Topco Enforcement*) in relation to a Relevant Topco Default even if, at the end of any relevant Topco Standstill Period or at any later time, a further Topco Standstill Period has begun as a result of any other event of default in respect of the Topco Liabilities.

Option to Purchase: Topco Creditors

Following acceleration or the enforcement of Transaction Security upon acceleration under any Senior Secured Creditor Liabilities, Second Lien Liabilities or Topco Liabilities, Topco Creditors may elect, by giving not less than 10 days' prior written notice to the Security Agent, to purchase all, but not part of, the Senior Lender Liabilities, Super Senior Lender Liabilities, Senior Secured Notes Liabilities, Cash Management Facility Liabilities, Second Lien Lender Liabilities and Second Lien Notes Liabilities for the amount that would have been required to prepay or redeem such liabilities on such date plus certain costs and expenses. Topco Creditors must also elect for the counterparties to hedging obligations to transfer their hedging obligations to holders in exchange (subject to specified conditions) for the amount that would have been payable under such hedging obligations had they been terminated on such date plus certain costs and expenses in connection with any such purchase.

Non-Distressed Disposals

The Security Agent (on behalf of itself and the other Secured Parties) and each other person party to a Transaction Security document or a Topco Independent Transaction Security document agrees that it shall (and is irrevocably authorized, instructed and obliged to do so without further consent, agreement or instruction from any creditor, other Secured Party or Debtor) promptly following receipt of a written request from the Issuer:

(i) release (or procure the release) from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents:

(A) any security (and/or other claim relating to a Debt Document) over any asset which the Issuer has confirmed is the subject of:

(1) a disposal not prohibited under the Finance Documents or where any applicable release and/or consent has been obtained under the applicable Finance Document including a disposal to a member of the Senior Secured Group but without prejudice to any obligation of any member of the Senior Secured Group in a Finance Document to provide replacement security;

(2) any other transaction not prohibited by the Finance Documents pursuant to which that asset will cease to be held or owned by a member of the Senior Secured Group (or, to the extent any applicable Finance Document prohibits such transaction, the applicable Agent authorizes the release in accordance with the terms of the applicable Finance Document or the Required Creditor Consent for such transaction has been obtained),

in each case where such disposal is not a Distressed Disposal (as defined below) (in each case, a "**Non-Distressed Disposal**");

(B) any security (and/or other claim relating to a Debt Document) over any document or other agreement requested in order for any member of the Senior Secured Group to effect any amendment or waiver or otherwise exercise any rights, comply with any obligation or take any action in relation to such document or agreement to the extent that the Issuer has confirmed that such action is not prohibited by any Finance Document;

(C) any security (and/or other claim relating to a Debt Document) over any asset of any member of the Senior Secured Group which has ceased or will cease to be a Debtor or guarantor to the extent that the Issuer has confirmed that such ceasing to be a Debtor or guarantor in accordance with the terms of each Finance Document or the Agreed Security Principles; and

(D) any security (and/or other claim relating to a Debt Document) over any other asset to the extent that the Issuer has confirmed that such security is not required to be given or such release in accordance with the terms of any Finance Document or the Agreed Security Principles;

(ii) in the case of a disposal of share or ownership interest in a Debtor, other member of the Senior Secured Group or any holding company of any Debtor or any other transaction pursuant to which a Debtor, other member of the Senior Secured Group or any holding company of any Debtor will cease to be a member of the Topco Group or a Debtor, release or procure the release of that Debtor or other member of the Senior Secured Group and its subsidiaries from all present and future liabilities under the Secured Debt Documents and the respective assets of such Debtor and its subsidiaries from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents (including any claim relating to a Debt Document); and

(iii) effect a transfer of all of the rights and obligations of any Super Senior Borrower, Senior Borrower or Second Lien Borrower (a "**Borrower**") in respect of its Liabilities (including borrowing liabilities) under the applicable Secured Debt Documents be novated or otherwise transferred by that Borrower (a "**Debt Transfer**") provided that (A) either: (1) such Debt Transfer is to another member of the Group; (2) such Debt Transfer is by a Borrower where (I) that Borrower or any Holding Company of that Borrower is being disposed of in accordance with the Finance Documents, and (II) the proceeds of such disposal are not otherwise required to be applied unconditionally in prepayment of that Borrower's borrowing liabilities under the applicable Finance Documents; or (3) such Debt Transfer is undertaken in connection with an IPO Event; and (B) the transferee in respect of such Debt Transfer is (in the case of a Super Senior Borrower) another Super Senior Borrower, or (in the case of a Senior Borrower or Second Lien Borrower) another Senior Borrower, or (in the case of a Second Lien Borrower) another Second Lien Borrower. Any Debt Transfer may (and shall upon the request of the Issuer) be effected on a cashless basis, by way of book entries and not as physical cash movement to repay and reborrow any applicable Liabilities.

When making any request for a release pursuant to paragraphs (i)(A), (i)(B) or (ii) above, the Issuer shall confirm in writing to the Security Agent, that the relevant disposal or other action is not prohibited as at the date of completion of such release or, at the option of the Issuer, on the date that the definitive agreement for such disposal or similar transaction is entered into.

When making any request for a release pursuant to paragraph (i)(C) or (i)(D) above, the Issuer shall confirm in writing to the Security Agent, that such security is not required to be given or the relevant release or cessation is otherwise in accordance with the terms of the Finance Documents or the Agreed Security Principles.

In the case of a disposal of shares or other ownership interests in a Debtor, member of the Senior Secured Group or holding company of any Debtor or any other transaction pursuant to which a Debtor, member of the Senior Secured Group or holding company of any Debtor will cease to be a member of Topco Group or a Debtor, to the extent the Issuer has confirmed to the Security Agent that it is not prohibited by the Finance Documents, if such member of the Topco Group or a Debtor is a borrower, issuer or primary debtor under any Debt Document, such person shall have the right to voluntarily prepay all Liabilities outstanding under any Debt Document.

Distressed Disposals

"**Distressed Disposal**" means a disposal of an asset or shares of, or other financial securities issued by a member of the Senior Secured Group or, in the case of a Third Party Security Provider, any assets or shares or financial securities which are subject to the Transaction Security which is being effected (a) at the request of an Instructing Group in circumstances where the Transaction Security has become enforceable as a result of an acceleration event, (b) by enforcement of the Transaction Security as a result of an acceleration event, or (c) after the occurrence of an acceleration event or the enforcement of security as a result of an acceleration event, by a Debtor or Third Party Security Provider to a person or persons which is not a member of the Group.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor, Third Party Security Provider and the Issuer and without any consent, sanction, authority or further confirmation from any creditor under the Intercreditor Agreement, Third Party Security Provider or Debtor):

(i) to release the Transaction Security or any other claim over that asset, 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 necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release (A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing, guarantee or 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 intra-group lender, a Topco Investor, Subordinated Creditor or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors, Third Party Security Providers and Debtors;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor to release (A) that holding company and any subsidiary of that holding company from all or any part of its borrowing, guarantee or 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 an intra- group lender, a Topco Investor, Subordinated Creditor or a Debtor over that holding company's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors and Debtors;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities owed by such Debtor or holding company or any of their subsidiaries to creditors or other Debtors:

    (A) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities (the "Transferee") will be treated as 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, provided that, notwithstanding any other provision of any Debt Document, the Transferee shall not be treated as a Secured Creditor or Secured Party for the purposes of the Intercreditor Agreement; and

    (B) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Secured Party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all (and not part only) of the liabilities owed to the Secured Parties and all or part of any other liabilities, on behalf of, in each case, the relevant creditors, Third Party Security Providers 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 (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the "**Receiving Entity**") all or any part of the Disposed Entity's obligations or any obligations of a subsidiary of that Disposed Entity in respect of the intra-group liabilities or liabilities owed to any Debtor, to execute and deliver or enter into any agreement to:

(A) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or liabilities to any Debtor on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(B) (provided the Receiving Entity is a holding company of the Disposed Entity which is also a Guarantor of the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities, liabilities owed to Debtors on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or liabilities owed to Debtors are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities as described above in (iv)) shall be paid to the Security Agent for application in accordance with the provisions set out under "*—Application of Proceeds*" below as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities has occurred pursuant to (iv) above, as if that disposal of liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities pursuant to (iv) and (v) above) effected by, or at the request of, the Security Agent, the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (although the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price), and shall in all cases comply with the requirements set out in the paragraphs below (as applicable) and act in accordance with them (as applicable).

If a Distressed Disposal is being effected at a time when the Majority Second Lien Creditors are entitled to give and have given instructions in accordance with the Intercreditor Agreement, the Security Agent is not authorized to release any Debtor, Subsidiary or holding company from any borrowing liabilities or guarantee liabilities or other liabilities owed to any Senior Secured Creditor unless those borrowing liabilities or guarantee liabilities or other liabilities and any other Senior Secured Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to a letter of credit, cash management facility or an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant senior creditor) immediately following that release.

If a Distressed Disposal is being effected at a time when the Majority Topco Creditors are entitled to give, and have given instructions in accordance with the Intercreditor Agreement, the Security Agent is not authorized to release any Debtor, subsidiary or holding company from any borrowing liabilities or guarantee liabilities or other liabilities owed to any Senior Secured Creditor or any Second Lien Creditor unless those borrowing liabilities or guarantee liabilities or other liabilities and any other Senior Secured Liabilities or Second Lien Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to a letter of credit, cash management facility or an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant senior creditor) immediately following that release.

Where borrowing liabilities, guarantee liabilities or other liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing liabilities, guarantee liabilities or other liabilities transferred to a holding company of the Issuer specified by such creditor, in which case the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Issuer and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing liabilities, guarantee liabilities or other liabilities.

Subject to the paragraphs below, if a Distressed Disposal (or a disposal of liabilities pursuant to paragraphs (vi) and (v) above) is being effected by or at the request of the Security Agent, unless the consent of each Senior Agent and each Senior Secured Notes Trustee (as applicable) has been obtained, it is a further condition to any release, transfer or disposal under paragraphs (i) to (v) above that:

(i) the consideration for such sale or disposal is in cash (or substantially all in cash); and

(ii) such sale or disposal (including any sale or disposal of any claim) is made:

(A) pursuant to a competitive sales process; or

(B) where a reputable, independent and internationally recognized investment bank, firm of accountants or third party financial adviser selected by the Security Agent has delivered an opinion (including an enterprise valuation of the Group which can be relied upon by the Security Agent and disclosed to the Senior Secured Creditors, the Second Lien Creditors and the Topco Creditors on a non-reliance basis) that the proceeds received or recovered in connection with such sale or disposal are fair from a financial point of view taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent shall have no obligation to select or engage any investment bank, firm of accountants or third party financial adviser unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

If before the Second Lien Discharge Date, a Distressed Disposal (or a disposal of Liabilities pursuant to paragraphs (iv) and (v) above) is being effected such that any Second Lien Liabilities and/or Transaction Security securing Second Lien Liabilities will be released, transferred or disposed pursuant to the Intercreditor Agreement, it is a further condition to any release, transfer, or disposal under paragraphs (i) to (v) above that either:

(i) the Second Lien Agent and each Second Lien Notes Trustee have approved the release, transfer or disposal; or

(ii) where shares or assets of a borrower, issuer or guarantor (a "**Second Lien Guarantor**") in respect of Second Lien Liabilities are sold:

(A) the consideration for such sale or disposal is in cash (or substantially in cash); and

(B) at the time of completion of the sale or disposal the borrowing liabilities, guarantee liabilities or other liabilities owing to each of the Secured Creditors all claims of the Secured Parties and unsecured creditors are sold or disposed of, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and not assumed by the purchaser or one of its affiliates), and in each case all Transaction Security, Topco Independent Transaction Security or other security in favor of the Secured Parties in respect of the assets of such members of the Group is simultaneously and unconditionally released and discharged concurrently with such sale, provided that if each Senior Agent and Senior Secured Notes Trustee:

(I) acting reasonably and in good faith determine that the Senior Secured Creditors (collectively) will recover a greater cash amount if such claim is sold or otherwise transferred to the purchaser or one of its Affiliates and not released or discharged and provided such amount is nevertheless less than the aggregate amount of outstanding amount of the Senior Secured Liabilities (which shall be deemed to be the case if there are no bidders or if each Senior Agent and Senior Secured Notes Trustee (acting reasonably and in good faith) determines that there are no bona fide and fully committed bids in cash or substantially all in cash in excess of the outstanding amount of the Senior Secured Liabilities); and

(II) serves a written notice on the Security Agent confirming the same,

in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser); and

(C) such sale or disposal (including any sale or disposal of any claim) is made:

(I) pursuant to a public auction or other competitive sale process run in accordance with the advice of a reputable, independent and internationally recognized investment bank, firm of accountants or third party professional firm with a view to obtaining the best price reasonably obtainable taking into account all relevant circumstances and in which creditors under the Second Lien Liabilities and Topco Liabilities are entitled to participate as prospective buyers and/or financiers; or

(II) where a reputable, independent and internationally recognized investment bank, firm of accountants or third party professional firm which has delivered an opinion (including an enterprise valuation) in respect of such sale or disposal that the amount is fair from a financial point of view, taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent shall have no obligation to select or engage any investment bank, firm of accountants or third party professional firm unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

If before the Topco Discharge Date, a Distressed Disposal (or a disposal of Liabilities pursuant to paragraphs (iv) and (v) above) is being effected such that any Topco Liabilities and/or Transaction Security securing Topco Liabilities will be released, transferred or disposed pursuant to the Intercreditor Agreement, it is a further condition to any release, transfer or disposal pursuant to the Intercreditor Agreement that either:

(i) each Topco Agent and Topco Notes Trustee have approved the release, transfer or disposal; or

(ii) where shares or assets of a borrower, issuer or guarantor (a "**Topco Guarantor**") in respect of Topco Liabilities are sold:

(A) the consideration for such sale or disposal is in cash (or substantially in cash); and

(B) at the time of completion of the sale or disposal the borrowing liabilities, guarantee liabilities or unsecured liabilities owing to each of the Secured Creditors all claims of the Secured Parties and unsecured creditors are sold or disposed of, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and not assumed by the purchaser or one of its affiliates), and in each case all Transaction Security, Topco Independent Transaction Security or other security in favor of the Secured Parties in respect of the assets of such members of the Group is simultaneously and unconditionally released and discharged concurrently with such sale, provided that if each Senior Agent, Senior Secured Notes Trustee, Second Lien Agent and Second Lien Notes Trustee:

(I) acting reasonably and in good faith determine that the Priority Secured Parties (collectively) will recover a greater cash amount if such claim is sold or otherwise transferred to the purchaser or one of its Affiliates and not released or discharged and provided such amount is nevertheless less than the aggregate amount of outstanding amount of the liabilities owed to the Priority Secured Parties (which shall be deemed to be the case if there are no bidders or if each Senior Agent, Senior Secured Notes Trustee, Second Lien Agent and Second Lien Notes Trustee (acting reasonably and in good faith) determines that there are no bona fide and fully committed bids in cash or substantially all in cash in excess of the outstanding amount of the liabilities owed to the Priority Secured Parties) (the "**Priority Secured Liabilities**"); and

(II) serves a written notice on the Security Agent confirming the same,

in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser); and

(C) such sale or disposal (including any sale or disposal of any claim) is made:

(I) pursuant to a public auction or other competitive sale process run in accordance with the advice of a reputable, independent and internationally recognized investment bank, firm of accountants or third party professional firm with a view to obtaining the best price reasonably obtainable taking into account all relevant circumstances and in which creditors under the Second Lien Liabilities and Topco Liabilities are entitled to participate as prospective buyers and/or financiers; or

(II) where a reputable, independent and internationally recognized investment bank, firm of accountants or third party professional firm which has delivered an opinion (including an enterprise valuation) in respect of such sale or disposal that the amount is fair from a financial point of view, taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent shall have no obligation to select or engage any investment bank, firm of accountants or third party professional firm unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

Application of Proceeds

Order of Application—Transaction Security

Subject to certain provisions set out in the Intercreditor Agreement and to the proviso described below, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Debt Document (other than amounts in respect of Topco Independent Transaction Security or any other security which is not Transaction Security or any guarantees provided by any holding company of the Parent or any subsidiary of any holding company of the Issuer (other than a member of the Senior Secured Group) in respect of any Topco Liabilities or Topco Proceeds Loan Liabilities) or in connection with the realization or enforcement of all or any part of the Transaction Security shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(i) in discharging any Agent Liabilities relating to the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities and any sums owed to the Security Agent and any receiver or delegate on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Secured Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) if the Super Senior Discharge Date has not occurred, for application towards the discharge of:

 (A) the Super Senior Lender Liabilities and liabilities to arrangers and agents thereof; and

 (B) Hedging Liabilities that have been designated by the Issuer as ranking alongside the Super Senior Lender Liabilities (the "**Super Senior Hedging Liabilities**") (on a *pro rata* basis between the Super Senior Hedging Liabilities of each hedge counterparty),

 on a *pro rata* basis and ranking *pari passu* between paragraphs (A) and (B) above; and/or

(iv) if or after the Super Senior Discharge Date has occurred, for application towards the discharge of:

 (A) the Senior Lender Liabilities and liabilities to arrangers thereof;

 (B) the Senior Secured Notes Liabilities;

 (C) the Cash Management Facility Liabilities; and

 (D) the Hedging Liabilities which are not Super Senior Hedging Liabilities,

 on a *pro rata* basis and ranking *pari passu* between paragraphs (A), (B), (C) and (D) above;

(v) for application towards the discharge of (x) the Second Lien Lender Liabilities and liabilities to arrangers thereof, and (y) the Second Lien Notes Liabilities, on a *pro rata* basis and ranking *pari passu* between themselves;

(vi) solely to the extent such proceeds are from the realization or enforcement of the Topco Shared Security and any guarantees provided by a Topco Guarantor that is a member of the Senior Secured Group or Third Party Security Provider in respect of the Topco Liabilities, for application towards the discharge of (A) the Topco Facility Liabilities and liabilities to arrangers thereof, and (B) the Topco Notes Liabilities, on a *pro rata* basis and ranking *pari passu* between themselves;

(vii) if none of the Debtors or Third Party Security Providers is under any further actual or contingent liability under any Debt Document relating to the Senior Secured Liabilities, the Second Lien Liabilities or the Topco Liabilities, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(viii) the balance, if any, in payment to the relevant Debtor,

provided that, all amounts from time to time received or recovered by the Security Agent from or in respect of a Topco Borrower pursuant to the terms of any Debt Document (other than in connection with the realization or enforcement of the Transaction Security or Topco Independent Transaction Security) shall be held by the Security Agent on trust to apply at any time as the Security Agent sees fit, in the following order of priority:

(A) in accordance with paragraph (i) above;

(B) in accordance with paragraph (ii) above;

(C) in accordance with paragraphs (iii), or (as the case may be) (iv) and (v) above (in each case only to the extent there are liabilities due from the relevant Topco Borrower to such creditors);

(D) if none of the Debtors or Third Party Security Providers is under any further actual or contingent liability under any Secured Debt Document, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(E) the balance, if any, in payment to the relevant Debtor.

Order of Application—Topco Independent Transaction Security

Subject to certain provisions set out in the Intercreditor Agreement, all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Topco Document in connection with the realization or enforcement of Topco Independent Transaction Security or any guarantees provided by a Topco Guarantor (other than a member of the Senior Secured Group) (the "**Topco Recoveries**") shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(i) in discharging any Agent Liabilities in respect of the Topco Liabilities (to the extent related to such Topco Recoveries), the Security Agent and any receiver or delegate, on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Topco Creditor in connection with any realization or enforcement of the Topco Independent Transaction 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;

(iii) for application towards the discharge of:

  (A) the Topco Facility Liabilities; and

  (B) the Topco Notes Liabilities,

  on a *pro rata* basis and ranking *pari passu* between paragraphs (A) and (B) above;

(iv) if none of the Debtors or Third Party Security Providers or Topco Independent Obligors is under any further actual or contingent liability in respect of the Secured Liabilities, in payment to any other person whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider or Topco Independent Obligor; and

(v) the balance, if any, in payment to the relevant Debtor.

Equalization

The Intercreditor Agreement will provide that if, for any reason, any liabilities relating to Super Senior Liabilities, Senior Secured Liabilities, Second Lien Liabilities or Topco Liabilities remain unpaid after the first date on which certain types of Enforcement Action are taken (the "**Enforcement Date**") and the resulting losses are not borne by the creditors in any given specified class in the proportions which their respective exposures at the Enforcement Date bore to the aggregate exposures of all the creditors in that specified class at the Enforcement Date, the relevant class of creditors will make such payments amongst themselves as the Security Agent shall require to put the relevant creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Required Consents

The Intercreditor Agreement will provide that, subject to certain exceptions, its terms may be amended or waived only with the consent of the Issuer, the agents and trustees for the Secured Parties, and the Security Agent, provided that, to the extent that an amendment, waiver or consent only affects one class of creditors, and such amendment, waiver or consent could not reasonably be expected materially or adversely to affect the interests of the other classes of creditors, only written agreement from the agent or trustee acting on behalf of the affected class (or, in the case of hedge counterparties, each affected hedge counterparty) shall be required.

An amendment or waiver of the Intercreditor Agreement that has the effect of changing or which relates to, among other matters, the provisions set out under "*—Application of Proceeds*" above and the order of priority or subordination under the Intercreditor Agreement shall not be made without the consent of (i) each of the agents or trustees (acting in accordance with the relevant finance documents) under the Senior Liabilities, the Super Senior Liabilities, the Second Lien Liabilities and the Topco Liabilities, (ii) each Cash Management Facility Lender (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Cash Management Facility Lender under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), (iii) each Hedge Counterparty (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Hedge Counterparty under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), and (iv) the Issuer.

Each agent or trustee shall, to the extent instructed to consent by the requisite percentage of creditors it represents or as otherwise authorized by the Debt Documents to which it is party, act on such instructions or authorizations in accordance therewith (save to the extent any amendments so consented or authorized to relate to any provision affecting the personal rights and obligations of that agent or trustee in its capacity as such).

Amendments and Waivers: Transaction Security Documents

Subject to certain exceptions under the Intercreditor Agreement (as described below) or as permitted by the Debt Documents, (i) the Security Agent may, if the Issuer consents, amend the terms of, release or waive any of the requirements of or grant consents under, any document creating Transaction Security or Topco Independent Transaction Security which shall be binding on each party, (ii) the Security Agent may, if the Issuer consents, amend, release and/or retake any Transaction Security Document where such amendment, release and/or retake is required in order to ensure the validity, perfection or priority of the Transaction Security purported to be created under such Transaction Security Document, together with any related or consequential waiver (including by reason of a failure to register such Transaction Security Document with Companies House within the prescribed time limit set out in section 859 of the Companies Act 2006, in which case the Security Agent shall also irrevocably waive any payment or other obligation or default arising out of such failure to register) and any such amendment, release, waiver and retake shall be binding on each party and (iii) the prior consent of (A) each of the agents or trustees (acting in accordance with the relevant finance documents) under the Senior Liabilities, the Super Senior Liabilities, the Second Lien Liabilities and the Topco Liabilities, (B) each Cash Management Facility Lender (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Cash Management Facility Lender under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), (C) each Hedge Counterparty (only to the extent that the proposed amendment or waiver would materially adversely affect the rights and obligations of such Hedge Counterparty under the Intercreditor Agreement and would not materially adversely affect the rights and obligations of any other creditor or class of creditors), and (D) the Issuer is required to authorize any amendment, release or waiver of, or consent under, any document creating Transaction Security which would adversely affect the nature or scope of the assets subject to Transaction Security or the manner in which the proceeds of enforcement of the Transaction Security or Topco Independent Transaction Security are distributed.

Exceptions

Subject to the paragraph below, an amendment, waiver or consent which relates to the rights or obligations which are personal to an agent, an arranger or the Security Agent in its capacity as such (including, without limitation, any ability of that Security Agent to act in its discretion under the Intercreditor Agreement) may not be effected without the consent of that agent, arranger or, as the case may be, Security Agent.

The preceding paragraph and the first paragraph above under "*—Amendments and Waivers: Transaction Security Documents*" are subject to certain exceptions under the Intercreditor Agreement, relating in particular to (i) any release of Transaction Security, claim or liabilities, or (ii) to any amendment waiver or consent, which, in each case, the Security Agent gives in accordance with the provisions of the Intercreditor Agreement relating to the incurrence of additional or refinancing debt or the provisions set out under "*—New Debt Financings,*" "*Non-Distressed Disposals*" and "*—Distressed Disposals*" above. Any release, amendment, waiver or consent effected in accordance with the relevant provisions of the Debt Documents relating to such matters can be effected solely by the Issuer and the Security Agent.

Snooze/Lose

If in relation to a request for a consent, to participate in a vote of a class of creditors, to approve any action or to provide any confirmation or notification, in each case, under the Intercreditor Agreement or another applicable agreement (but excluding any indenture), any creditor fails to respond to the request within ten Business Days (or any other period of time notified by the Issuer, with the agreement of each of the agents or trustee in the case of a shorter period of time) or fails to provide details of its credit participation, such creditor will be disregarded or be deemed to have zero participation in respect of the matter or be deemed to have provided the relevant confirmation or notification, as applicable.

Provisions Following an IPO

Following an initial public offering of a member of the Senior Secured Group (or a holding company thereof) (an "**IPO**"), the Issuer is entitled to give notice that the terms of the Debt Documents will automatically operate so that, amongst other things, (i) the Senior Secured Group (and all related provisions) will now refer to the member of the Senior Secured Group or holding company of the Issuer who will issue shares or whose shares are to be sold pursuant to such IPO (the "**IPO Pushdown Entity**" and if any Topco Liabilities are not refinanced in full on or before the date of such IPO, the IPO Pushdown Entity shall be the Topco Borrower) and its Restricted Subsidiaries, (ii) all financial ratio calculations shall be made excluding any holding company of the IPO Pushdown Entity and (iii) certain provisions of the Debt Documents (including representations, undertakings and events of default) will cease to apply to any holding company of the IPO Pushdown Entity.

Each holding company of the IPO Pushdown Entity shall be released from all obligations under the Debt Documents (including any Transaction Security) and each Subordinated Creditor, Third Party Security Provider, Investor (as defined in the Revolving Credit Facility Agreement) or Topco Independent Obligor will be released from its obligations and restrictions under the Intercreditor Agreement in the appropriate capacity.

Subject to the consent of the majority lenders under and as defined in the Senior Lender Liabilities, noteholders representing more than 50% of any Senior Secured Notes Liabilities, the majority lenders under and as defined in any Second Lien Facility Agreement, noteholders representing more than 50% of any Second Lien Notes Liabilities, the majority lenders under and as defined in any Topco Facility and noteholders representing more than 50% of any Topco Notes Liabilities (following the relevant IPO), the Issuer and each subsidiary of the IPO Pushdown Entity shall also be released from all obligations as Debtor and guarantor under the Debt Documents and from the Transaction Security or Topco Independent Transaction Security (other than, in each case, borrowing liabilities). Each party to the Intercreditor Agreement shall be required to enter into any amendment, release or replacement of any Debt Document required to facilitate such matters.

Agreement to Override

To the extent any step or action is permitted under the Intercreditor Agreement (or permitted subject to the consent of specified parties under the Intercreditor Agreement), the parties agree that such step or action will be permitted under the other Debt Documents (or permitted thereunder subject to the consent of such specified parties) and if there is any conflict between the terms of, or the requirement for any conditions in, the Intercreditor Agreement and any other Debt Document, the terms of, or the requirement for any conditions in, the Intercreditor Agreement will prevail (save to the extent that to do so would result in or have the effect of any member of the Group contravening any applicable law or regulation, or present a material risk of liability for any member of the Group and/or its directors or officers, or give rise to a material risk of breach of fiduciary or statutory duties), in each case notwithstanding any restriction or prohibition to the contrary, any provision expressed or purported to override any provision of the Intercreditor Agreement or the requirement to fulfil any additional conditions, in each case, in any other Debt Document.

Funding Loan

On or about the Acquisition Closing Date, the Issuer will make available to Target the Funding Loan, using a portion of the proceeds under Tranche B (as defined under "*Use of Proceeds*") under the Notes. The amount borrowed under the Funding Loan will be used to repay the Refinanced Target Indebtedness of the Target, as described under "*Summary—The Transactions*" and "*Use of Proceeds.*" Interest on the Funding Loan will accrue at a rate that we anticipate will not be lower than the rate applicable to the Notes. The maturity date of the Funding Loan will be on or about the maturity date of the Notes. The Funding Loan will be a senior obligation of the Target. The Funding Loan does not provide for any undertakings or representations by the parties. The Issuer's interest in the receivables under the Funding Loan will be assigned by way of security on a first-ranking basis as part of the Post-Completion Collateral securing the Notes and the Revolving Credit Facility. The agreement regulating the Funding Loan will be governed by Italian law. As a consequence of the Post-Completion Merger, the Funding Loan will be terminated and the security interests over the Issuer's interest in the receivables in respect of the Funding Loan will cease to be effective.

See also "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Issuer's right to receive payments under the Funding Loan prior to the Post-Completion Merger (if it occurs) may be subordinated by law to the obligations of other creditors*."

Shareholder Loan

HoldCo, as lender, will grant an interest free shareholder loan to the Issuer, as borrower, for an aggregate principal amount of €728.1 million (the "**Shareholder Loan**"). The Shareholder Loan will be entered into on or about the Acquisition Closing Date and it will be governed by Italian Law. The Shareholder Loan will mature after the maturity of the Notes offered hereby. Pursuant to the Intercreditor Agreement and the Shareholder Loan, (i) the Issuer and HoldCo will agree that all their rights under the Shareholder Loan will be subject to the Intercreditor Agreement and that, prior to the maturity date thereof, the Issuer shall only be permitted to make a payment due under the Shareholder Loan to the extent such payment is permitted under the Intercreditor Agreement and the applicable finance documents (including the Indenture and the Revolving Credit Facility Agreement), (ii) the obligations of the Issuer in respect of the Shareholder Loan will be subordinated to the Notes, the Revolving Credit Facility and certain future liabilities of the Issuer, and (iii) the Shareholder Loan shall be subordinated to all current and future financial and non-financial liabilities of the Issuer, including with respect to trade creditors.

Rolled Target Indebtedness

The Target is party to various bilateral facilities and overdraft lines agreements with local banks pursuant to which certain short-term working capital, trade credit, overdraft facilities and guarantee facilities have been obtained to finance operations and liquidity needs. We utilize these lines from time to time as part of our cash management and our working capital requirements. As of June 30, 2021, as adjusted for the Refinancing, we expect that approximately €15.9 million of bilateral and other credit lines will remain outstanding. Some of the bilateral facilities include provisions regarding change of control and/or the merger and certain notices and requests of waiver and/or amendments with respect to such provisions that are required to be agreed by the Target with the relevant financial institutions in order for such credit lines to remain outstanding following completion of the Transactions.

Leasing

The Target is party to a number of capital and operating leases with various expiration dates related primarily to IRUs and BTS which will remain outstanding following the Refinancing. As of June 30, 2021, €89.2 million was outstanding under such leases. We expect that these leases will remain outstanding after the Refinancing. See "*Capitalization*."

Off-Balance Sheet Bank and Insurance Guarantees

In the ordinary course of business, the Target is required to provide certain bank guarantees (*fideiussioni bancarie*) or insurance guarantees (*polizze fideiussorie*) for the purpose of guaranteeing its obligations under certain commercial agreements. Such guarantees are generally issued by commercial banks and under insurance policies. As of June 30, 2021, the Target had obtained bank guarantees in an aggregate outstanding amount of €6.3 million and insurance guarantees in an aggregate outstanding amount of €0.9 million.

DESCRIPTION OF THE NOTES

The following is a description of the €375.0 million in aggregate principal amount of 4.875% senior secured notes due 2028 (the "**Notes**"). The Notes will be issued by Zoncolan Bidco S.p.A., a joint stock company (*società per azioni*) organized under the laws of Italy (the "**Issuer**"). You will find definitions of certain capitalized terms used in this "*Description of the Notes*" under the heading "*Certain Definitions.*" For purposes of this "*Description of the Notes*," references to the "*Issuer*," "*we*," "*our*," and "*us*" refer only to Zoncolan Bidco S.p.A. (not including any of its Subsidiaries) and any and all successors thereto (including, following the Post-Completion Merger, MergerCo (as defined below)).

The Issuer will issue the Notes under an indenture to be dated on or about October 21, 2021 (the "**Indenture**"), between, *inter alios*, the Issuer, U.S. Bank Trustees Limited, as trustee (in such capacity, the "**Trustee**") under the Indenture, UniCredit S.p.A., as security agent under the Intercreditor Agreement (as defined below) (the "**Security Agent**") and representative (*rappresentante*) of the holders of the Notes pursuant to and for the purposes set forth under Article 2414-bis, 3rd paragraph of the Italian Civil Code (the "**Security Representative**") and Elavon Financial Services DAC, as paying agent, in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not be qualified under, incorporate by reference or include, or be subject to, any of the provisions of the Trust Indenture Act, including Section 316(b) thereof. Consequently, the Holders will not be entitled to the protections provided under the Trust Indenture Act to holders of debt securities issued under a qualified indenture, including among other things, those requiring the Trustee to resign in the event of certain conflicts of interest and to inform Holders of certain relationships between it and us.

Upon the initial issuance of the Notes, the Notes will be obligations solely of the Issuer. Prior to the Acquisition Closing Date, the Issuer will not control the Target, and the Target will not be subject to the covenants described in this "*Description of the Notes.*" As such, the Issuer cannot assure you that prior to the Acquisition Closing Date, the Target will not engage in activities that would otherwise have been prohibited by the Indenture had those covenants been applicable to such entity as of and from the Issue Date and prior to the Acquisition Closing Date.

If the offering of the Notes closes prior to the Acquisition Closing Date, pending consummation of the Acquisition and the satisfaction of certain other conditions as described below, the Initial Purchasers will, concurrently with the closing of the Offering of the Notes on the Issue Date, deposit the gross proceeds of this offering of the Notes into a segregated escrow account (the "**Escrow Account**") pursuant to the terms of an escrow agreement (the "**Escrow Agreement**") dated on or prior to the Issue Date among the Issuer, the Trustee and J.P. Morgan Chase Bank N.A., London Branch as escrow agent (the "**Escrow Agent**"). The release of the Escrowed Property (as defined below) from the Escrow Account will be subject to the satisfaction of certain conditions, including the completion of the Acquisition pursuant to the terms of the Acquisition Agreement within one Business Day following the release of the funds from the Escrow Account. If the conditions to the release of the Escrowed Property have not been satisfied on or prior to April 17, 2022 (the "**Escrow Longstop Date**"), or upon the occurrence of certain other events, the Notes will be subject to a Special Mandatory Redemption (as defined herein). The Special Mandatory Redemption price of the Notes will be equal to 100% of the initial issue price of the Notes plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to, but excluding, the Special Mandatory Redemption Date (as defined herein). See "*—Escrow of Proceeds; Special Mandatory Redemption.*"

Upon release from escrow, the proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer, together with the Shareholder Funding (as defined under "*Summary—The Transactions*") and certain cash available on the balance sheet of the Target, to fund the purchase price for the Acquisition, downstream funds to the Target to allow the Target to, among other things, repay the Refinanced Target Indebtedness (as defined under "*Summary—The Transactions*"), for general corporate purposes and to pay costs and expenses incurred in connection with the Transactions, as described further in this Offering Memorandum under "*Use of proceeds.*"

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below) and in the case of certain conflicts between the terms of the Indenture and the Intercreditor Agreement, the terms of the Intercreditor Agreement will prevail. The terms of the Intercreditor Agreement are important to understanding the relative ranking of indebtedness and security, the ability to make payments in respect of the indebtedness, the procedures for undertaking enforcement action, the subordination of certain indebtedness, turnover obligations, release of security and guarantees, and the payment waterfall for amounts received by the Security Agent. See "*Description of Other Indebtedness—Intercreditor Agreement*" for a description of certain terms of the Intercreditor Agreement.

This "*Description of the Notes*" is intended to be an overview of the material provisions of the Notes and the Indenture and refers to the Intercreditor Agreement and the Security Documents. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture, the Intercreditor Agreement and the Security Documents for complete descriptions of the obligations of the Issuer and your rights.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the Securities Act and will be subject to certain transfer restrictions.

General

The Notes

The Notes will, on the Issue Date:

- be general senior obligations of the Issuer and, subsequent to the Post-Completion Merger, MergerCo, secured as set forth under "*—Security;*"
- rank *pari passu* in right of payment with any existing or future Indebtedness of the Issuer (or MergerCo, as applicable) that is not subordinated in right of payment to the Notes, including the obligations of the Issuer under the Revolving Credit Facility and certain Hedging Obligations, if any;
- rank senior in right of payment to any existing and future Indebtedness of the Issuer (or MergerCo, as applicable) 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 (or MergerCo, as applicable) that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such obligation or indebtedness;
- mature on October 21, 2028; and
- be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes (as defined below). See "*Book-Entry; Delivery and Form*."

Under the terms of the Intercreditor Agreement, the Holders will receive proceeds from the enforcement of the Collateral only after certain obligations entitled to receive proceeds from the enforcement of the Collateral in priority to the Notes have been repaid in full, including obligations under the Revolving Credit Facility and certain Hedging Obligations, if any. See "*Risk Factors—Risks Related to the Notes and the Collateral—Creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement on a "super senior" basis are entitled to be repaid with proceeds from the enforcement of the Collateral in priority to the Notes*."

The Issuer is a holding company established in connection with the Transactions with no revenue generating operations of its own. As of the Issue Date, the Issuer will not have any Subsidiaries. Following the Acquisition Closing Date, substantially all of the operations of the Issuer will be conducted through the Target. As a result, prior to the Post-Completion Merger, the Issuer will be dependent upon dividends and other payments from the Target to generate the funds necessary to meet its outstanding indebtedness service (including under the Notes) and other obligations, and such dividends and other payments may be restricted by law or the instruments governing our indebtedness, including any financing agreements of the Target. The Target may not generate sufficient cash from operations to enable us to make principal and interest payments on our indebtedness, including the Notes. See "*Risk Factors—Risks Related to our Capital Structure—The Issuer is a holding company that has no revenue generating operations of its own and prior to the Post-Completion Merger will depend exclusively on cash from the Target to be able to make payments on the Notes*" and "*Risk Factors—Risks Related to the Notes and the Collateral—We may be unable to complete the Post-Completion Merger within the anticipated time frame, or at all*."

Upon the issuance of the Notes, the Issuer will have no subsidiaries and the Notes will not be guaranteed. Following the Acquisition Closing Date and prior to the consummation of the Post-Completion Merger, the

Issuer will not have any obligation to cause the Target to guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of the Target, the Target will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Issuer. The Notes therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) and minority stockholders (if any) of the Target. See "*—Certain Covenants—Future Guarantees*" and "*Risk Factors—Risks Related to our Capital Structure—The Issuer's right to receive payments under the Proceeds Loans may be subordinated by law to the obligations of other creditors*."

Principal and Maturity

On the Issue Date, the Issuer will issue €375.0 million in aggregate principal amount of the Notes. The Notes will mature on October 21, 2028. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. For the avoidance of doubt, Euroclear and Clearstream are not required to monitor or enforce the minimum denomination.

Interest

Interest on the Notes will accrue at the rate of 4.875% per annum. Interest on the Notes will be payable semi-annually in arrears on March 31 and September 30, commencing on March 31, 2022. Interest on the Notes will be payable to the holder of record of such Notes on the Business Day immediately preceding the related interest payment date.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If the Issuer redeems any Global Notes on a date that is on or after the record date and on or before the corresponding interest payment date, the accrued and unpaid interest up to, but excluding, the redemption date will be paid on the redemption date to the Holder 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.

Methods of Receiving Payments on the Notes

Principal, interest and premium and Additional Amounts (as defined below), if any, on the Notes 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 (initially 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. In addition, interest on the Definitive Registered Notes may be paid, at the option of the Issuer, by check mailed to the address of the Holder entitled thereto as shown on the register of Holders for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes.*"

The rights of Holders of beneficial interests in the Notes to receive payments on the Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes (the "**Paying Agent**"). The initial Paying Agent will be Elavon Financial Services DAC. The Issuer will also maintain a registrar (the "**Registrar**") and a transfer agent (the "**Transfer Agent**"). The initial Registrar will be Elavon Financial Services DAC and the initial Transfer Agent will be Elavon Financial Services DAC. 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. Upon written notice to the Trustee, the Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of such Notes. The Issuer may act as Paying Agent or Registrar in respect of the Notes.

Additional Notes

The Indenture will be unlimited in aggregate principal amount, of which €375.0 million aggregate principal amount Notes will be issued in this offering. The Issuer may issue additional Notes (the "**Additional Notes**") from time to time under the Indenture, subject to compliance with the covenants contained in the Indenture. Any Additional Notes shall have terms substantially identical to the Notes originally issued, except in respect of any of the following terms which shall be set forth in an Officer's Certificate (defined below) supplied to the Trustee:

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued and will mature;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and

(8) the ISIN, Common Code or other securities identification numbers with respect to such Additional Notes.

Such Additional Notes will be treated, along with all other Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series in such Officer's Certificate; *provided that* any Additional Notes that are not fungible with the Notes offered hereunder for U.S. federal income tax purposes or Italian tax purposes shall have a separate ISIN, Common Code or other securities identification number from such Notes. Unless the context otherwise requires, for all purposes of the Notes 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 the Notes initially issued on the Issue Date, but only if they have terms substantially identical in all material respects to such initial Notes, and shall be deemed to form one series and references to such Notes shall be deemed to include the Notes initially issued on the Issue Date as well any such Additional Notes.

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, any mandatory special 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 "**Mandatory Special Redemption**") and (b) the escrow of all or a portion of the proceeds of such Additional Notes and the granting of Liens described in clause (ll) 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 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 ISIN or common code may be automatically exchanged for new

Additional Notes bearing the same 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 and Italian tax purposes.

Post-Completion Merger

Following the Acquisition Closing Date, the Issuer will use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to implement the Post-Completion Merger in accordance with Articles 2501-bis and following of the Italian Civil Code and other applicable provisions of Italian law, with MergerCo being the surviving entity, during the 18 months following the Acquisition Closing Date (the "**Merger Longstop Date**"). Failure to complete the Post-Completion Merger on or prior to the Merger Longstop Date shall not constitute a Default or an Event of Default under the Indenture and the Issuer's obligations to use its commercially reasonable efforts shall cease on the Merger Longstop Date. Following consummation of the Post-Completion Merger, all references in the Indenture to the "Issuer" shall refer to MergerCo, unless the context otherwise requires. The Post-Completion Merger is subject to certain conditions and may not be completed. See "*Risk Factors—Risks Related to the Notes and the Collateral—We may be unable to complete the Post-Completion Merger within the anticipated time frame, or at all.*"

Guarantee

General

The Notes will not be guaranteed. Although there will be no initial Guarantors, in the event the Post-Completion Merger does not occur on or prior to the date falling 18 months after the Acquisition Closing Date (the "**Cut-Off Date**"), the Issuer shall use commercially reasonable efforts to procure that, subject to the Agreed Security Principles and to certain significant limitations under Italian law, the Target guarantees the Notes within 60 days of the Cut-Off Date. As of and for the twelve months ended June 30, 2021, the Target represented 100%, 100% and 100% of the consolidated revenues, Consolidated EBITDA and consolidated assets of the Target (as the Target had no subsidiaries).

In addition, if required by the covenant as described below under "*—Certain Covenants—Future Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles and certain significant limitations pursuant to applicable laws, each Restricted Subsidiary that guarantees the Revolving Credit Facility, Public Debt or certain other Indebtedness shall also enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement. To the extent provided in future, any Guarantee will be a joint and several obligation of each Guarantor.

For the purposes of this "*Description of the Notes*," "*Guarantor*" means any Restricted Subsidiary of the Issuer that may guarantee the Notes from time to time pursuant to the Indenture on or after the Acquisition Closing Date (in each case, together with any and all successors thereto).

The Agreed Security Principles apply to, and restrict, the granting of guarantees and security in favor of obligations under the Revolving Credit Facility and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance rules, corporate benefit rules, fraudulent preference rules, "thin capitalization" rules, capital maintenance rules, retention of title claims and similar matters, or where the time and cost of granting the guarantee would be disproportionate to the benefit accruing to the Holders. Additionally, the Guarantee will be subject to certain corporate law procedures being complied with. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*" and "*Risk factors—Risks Related to the Notes, the Guarantee and the Collateral—The Guarantee and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*." The Guarantee will be further limited as required under the Agreed Security Principles that will apply to, and restrict the granting of guarantees and security in favor of obligations under the Revolving Credit Facility and the Notes, which will provide, among other things, that no guarantees or security will be required if any such grant would be restricted by general statutory or other legal limitations or requirements. By virtue of these limitations, a Guarantor's obligation under its Guarantee will be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee.

Each future Guarantee will be subject to the Agreed Security Principles, certain significant limitations pursuant to applicable laws and be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the U.S. Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under the Agreed Security Principles, to comply with corporate benefit, financial assistance, thin capitalization and other laws. By virtue of this limitation, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee.

Following the Acquisition Closing Date, the Issuer will not have any obligation to cause the Target to guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of the Target, the Target will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Issuer. The Notes therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) and minority stockholders (if any) of the Target. Prior to the Post-Completion Merger and, in the event that the Post Completion Merger does not occur on or prior to the Cut-Off Date, prior to the granting of the Guarantee by the Target, the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Issuer (including the Target). In the event that the Post-Completion Merger does not occur and after the granting of the Guarantee by the Target (and subject to any limitations thereon), the Notes will be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of the Issuer, other than the Target. After the Post-Completion Merger, none of MergerCo's subsidiaries is expected to guarantee the Notes, and the Notes will therefore be structurally subordinated to any existing or future indebtedness or obligations of each of the subsidiaries of MergerCo. See "*—Certain Covenants—Future Guarantees.*"

Guarantee Release

A Guarantee of a Guarantor will terminate and be released:

(1) upon a sale, exchange, transfer or other disposition (including by way of consolidation, merger, or amalgamation) of any Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company of such Guarantor) as a result of which such Guarantor would no longer be a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary), in each case if such sale, exchange, transfer or other disposition does not violate the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(2) upon the designation in accordance with the Indenture of such Guarantor as an Unrestricted Subsidiary;

(3) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Notes in accordance with the Notes Indenture, as provided in "*Defeasance*" and "*Satisfaction and Discharge*," respectively;

(4) pursuant to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;

(5) as described under "*—Amendments and Waivers*";

(6) as described in the second paragraph of the covenant described below under "*Certain Covenants—Future Guarantees*";

(7) in connection with a Permitted Reorganization;

(8) as described under "*—IPO Pushdown*";

(9) upon payment in full of principal and interest and all other obligations on the Notes;

(10) upon the achievement of Investment Grade Status by the Notes; or

(11) as a result of a transaction permitted by "*—Merger and Consolidation*."

Subject to receipt of certain documentation requested pursuant to the Indenture and customary protections and indemnifications, the Trustee and/or the Security Agent, as applicable, shall take all necessary actions at the reasonable written request and cost of the Issuer, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Guarantee in accordance with these provisions. Each of the releases set forth above shall be effected by the Trustee and/or the

Security Agent, as applicable, without the consent of the Holders and will not require any other action or consent on the part of the Trustee and/or the Security Agent, as applicable. Neither the Trustee, the Security Agent nor the Issuer will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Escrow of Proceeds; Special Mandatory Redemption

If the offering of the Notes closes prior to the Acquisition Closing Date, concurrently with, or prior to, the closing of the offering of the Notes on the Issue Date, the Issuer will enter into the Escrow Agreement with the Trustee and the Escrow Agent, pursuant to which the Initial Purchasers will deposit with the Escrow Agent an amount equal to the gross proceeds of the offering of the Notes sold on the Issue Date into the Escrow Account. The Escrow Account will be pledged on a first-priority basis in favor of the Trustee for the benefit of the Holders of the Notes pursuant to an escrow charge dated the Issue Date between the Issuer and the Trustee (the "**Escrow Charge**"). The initial funds deposited in the Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Account (less any property and/or funds paid in accordance with the Escrow Agreement) are referred to, collectively, as the "**Escrowed Property**."

The Escrow Agent shall promptly release the Escrowed Property to the Issuer (the "**Release**"), subject only to receipt by the Escrow Agent of an Officer's Certificate by the Issuer to the Escrow Agent with a copy to the Trustee (upon which both the Escrow Agent and the Trustee shall be able to conclusively rely without further investigation), on or before the Escrow Longstop Date, to the effect that:

- the Acquisition will be consummated within one Business Day following the Release, on substantially the same terms as described in this Offering Memorandum under the section "*Summary—The Transactions,*" except for any waivers, changes or other modifications that will not, individually or when taken as whole, materially adversely affect the Holders or to which the Holders have consented; and
- as of the date of delivery of the Officer's Certificate, there is no Default or Event of Default under clause (5) of the first paragraph under the heading titled *"—Events of Default*" below with respect to the Issuer.

Upon the Release, the Escrow Account shall be reduced to zero, and the Escrowed Property shall be paid out in accordance with the Escrow Agreement.

In the event that (a) the satisfaction of the conditions set forth above does not take place on or prior to the Escrow Longstop Date, (b) at any time prior to the Escrow Longstop Date, in the good faith judgment of the Issuer, the Acquisition will not be consummated on or prior to the Escrow Longstop Date, (c) the Acquisition Agreement terminates at any time on or prior to the Escrow Longstop Date, (d) Permitted Holders cease to beneficially own or control a majority of the issued and outstanding Capital Stock of the Issuer or (e) a Default or Event of Default arises under clause (5) of the first paragraph under *"—Events of Default*" on or prior to the Escrow Longstop Date with respect to the Issuer (the date of any such event being the "**Special Termination Date**"), the Issuer will redeem all of the Notes (the "**Special Mandatory Redemption**") at a price (the "**Special Mandatory Redemption Price**") equal to 100.0% of the issue price of the Notes, plus accrued interest and Additional Amounts, if any, from the Issue Date to, but excluding, the Special Mandatory Redemption Date (as defined below) (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date).

Notice of the Special Mandatory Redemption will be delivered by the Issuer, no later than one Business Day following the Special Termination Date, to the Trustee, the Paying Agent and the Escrow Agent, and will provide that the Notes shall be redeemed on a date that is no later than the fifth Business Day after such notice is given by the Issuer in accordance with the terms of the Escrow Agreement (the "**Special Mandatory Redemption Date**"). On the Special Mandatory Redemption Date, the Escrow Agent shall pay to the Paying Agent for payment to each Holder the relevant Special Mandatory Redemption Price for such Holder's Notes and, concurrently with the payment to such Holders, deliver any excess Escrowed Property (if any) to the Issuer.

To secure the payment of the relevant Special Mandatory Redemption Price, the Issuer will grant to the Trustee for the benefit of the Holders of the Notes a security interest in the relevant Escrow Account. Receipt by the Trustee of either an Officer's Certificate for the Release or a notice of Special Mandatory Redemption shall constitute deemed consent by the Trustee for the Release of the Escrowed Property from the Escrow Charge.

Amounts of the Escrowed Property may be released from the Escrow Account prior to the Acquisition Closing Date to pay negative interest charged on the Escrow Account (if any) and to pay interest on the Notes and any Additional Amounts on any interest payment date in respect thereof occurring prior to the Release.

Pursuant to a shortfall agreement between the Issuer and Holdco to be entered on or about the Issue Date (the "**Shortfall Agreement**"), Holdco will be required to contribute to the Escrow Account an amount equal to the amount by which the Special Mandatory Redemption Price payable upon such Special Mandatory Redemption exceeds the amount of the Escrowed Property.

The provisions of the Indenture relating to the Escrow Longstop Date or the Issuer's obligations to redeem the Notes in connection with a Special Mandatory Redemption may be waived or modified with the consent of Holders of a majority in outstanding aggregate principal amount of the Notes.

Security

General

On the Issue Date and prior to the Acquisition Closing Date, the Notes will be secured by a first-priority security interest in the Escrowed Property. See *"—Escrow of proceeds; Special Mandatory Redemption*."

On or about the Acquisition Closing Date, the Notes will be secured, subject to the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens, by security interests granted on an equal and ratable first-priority basis over the following property, rights and assets:

- 100% of the share capital of the Issuer held by the Third Party Security Provider (the "**Issuer Share Pledge**"); and

- any structural intercompany receivables owed to the Third Party Security Provider by the Issuer (if any) (together with the Issuer Share Pledge, the "**Completion Date Collateral**").

Within 20 Business Days after the Acquisition Closing Date, the Notes will be secured, subject to the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens, by security interests granted on an equal and ratable first-priority basis over the following property, rights and assets:

- 100% of the share capital of the Target held by the Issuer (the "**Target Share Pledge**"); and

- the material structural intercompany receivables owed to the Issuer by the Target, including under the Funding Loan (together with the Target Share Pledge, the "**Post-Completion Collateral**").

Following the Post-Completion Merger, in the event that the Target is the successor company of the Post-Completion Merger, MergerCo will, upon consummation of the Post-Completion Merger, assume the obligations of the Issuer under the Notes and the Indenture. Concurrently with the Post-Completion Merger and as a result thereof, the security interest over the Issuer's receivables in respect of the Funding Loan will be automatically terminated and depending on which entity will survive the Post-Completion Merger, certain other Collateral will be extinguished by operation of law and, in particular, (a) in the event that the Issuer is the successor company of the Post-Completion Merger, the Target Share Pledge, will be extinguished by operation of law; and (b) in the event that the Target is the successor company of the Post-Completion Merger, the Issuer Share Pledge will be extinguished by operation of law.

The Completion Date Collateral, the Post-Completion Date Collateral, together with any and all assets in respect of which from time to time a Security Interest has been or will be granted pursuant to any Security Document to secure the obligations under the Indenture or the Notes and/or any Guarantee, in each case as may be in existence from time to time, is referred to herein as the "**Collateral**."

Subject to certain conditions, including compliance with the covenants described under *"—Certain covenants—Impairment of Security Interest" and "—Certain covenants—Liens*," the Issuer and its Restricted Subsidiaries are permitted to grant security over the Collateral in connection with future issuances of Indebtedness, including any Additional Notes issued by the Issuer as permitted under the Indenture and the Intercreditor Agreement. See "*Risk Factors—Risks Related to the Notes and the Collateral—The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and other secured indebtedness may be secured by assets that do not secure the Notes.*" All Collateral will be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens.

Notwithstanding the foregoing and the provisions of the covenant described below under "*—Certain covenants—Future Guarantees*," certain property, rights and assets (other than the Collateral described above in this section) may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles.

As described above, all of the Collateral will also secure on a first-priority basis the liabilities under the Revolving Credit Facility Agreement, as well as certain Hedging Obligations (if any) and any Additional Notes and may also secure certain future indebtedness; provided, however, that pursuant to the Intercreditor Agreement the lenders under the Revolving Credit Facility, counterparties to certain Hedging Obligations (if any) and providers of certain future indebtedness will receive the proceeds from the enforcement of the Collateral in priority to the holders of the Notes and any Additional Notes. See *"—Priority*." See also, "*Risk Factors—Risks Related to the Notes and the Collateral—Creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement on a "super senior" basis are entitled to be repaid with proceeds from the enforcement of the Collateral in priority over the Notes*."

In the future, the lenders under the Revolving Credit Facility Agreement and/or counterparties to certain Hedging Obligations (if any) and any Additional Notes in certain circumstances may also benefit from security which does not secure the Notes offered hereby.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a description of such limitations, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of Security Interests*" and "*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 its validity and enforceability*."

No appraisals of the Collateral have been made in connection with this offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Related to the Notes and the Collateral—Creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement on a "super senior" basis are entitled to be repaid with proceeds from the enforcement of the Collateral in priority to the Notes*."

Agreed Security Principles

The following is a non-exhaustive summary of certain terms of the Agreed Security Principles, which include, among others:

- general legal and statutory limitations, regulatory restrictions, financial assistance, anti-trust and other competition authority restrictions, corporate benefit, fraudulent preference, equitable subordination, "transfer pricing", "thin capitalization", "earnings stripping", "controlled foreign corporation" and other tax restrictions, "exchange control restrictions", "capital maintenance" rules and "liquidity impairment" rules, tax restrictions, retention of title claims, employee consultation or approval requirements and similar principles may limit the ability of the Issuer or any Restricted Subsidiary (collectively, the "**Group**") to provide a guarantee or security or may require that the guarantee or security be limited as to amount or otherwise and, if so, the guarantee or security will be limited accordingly, **provided that**, to the extent requested by the Security Agent before signing any applicable security or accession document, the relevant member of the Group shall use reasonable endeavors (for a period of not more than ten (10) Business Days but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle or otherwise such guarantee or security document shall be subject to such limit;

- any asset 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 the 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)) and 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 the relevant chargor to take any action materially adverse to the interests of the Group or any member thereof, in each case will be excluded from a guarantee or security document, **provided that** reasonable endeavors (for a period of not more than ten (10) Business Days but without incurring material cost and without adverse impact on relationships with third parties) to obtain consent to charging any asset (where otherwise prohibited) shall be used by the Group if the Security Agent specifies prior to the date of the security or accession document that the asset is material and the obligors' agent is satisfied that such endeavors will not involve placing relationships with third parties in jeopardy;

- without prejudice to the security expressly set forth under "*—Security,"* no guarantees shall be required to be granted by and no security shall be required to be granted by (or over shares, ownership interests or investments in) any joint venture or similar arrangement, any minority interest or any member of the Group that is not wholly owned by another member of the Group;

- for the avoidance of doubt, no member of the Group shall be required to grant a floating charge (or any other *privilegio speciale* or other floating security, howsoever described) over its assets located in any jurisdiction;

- members of the Group will not be required to give guarantees or enter into security documents if they are not wholly owned by another member of the Group or 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, to the extent requested by the Security Agent before signing any applicable security document or accession document, the relevant member of the Group shall, in relation to a contractual prohibition or restriction only, use reasonable endeavors (for a period of not more than ten (10) Business Days but without incurring material cost and without adverse impact on relationships with third parties as determined by the Company in its sole discretion) to overcome any such obstacle or otherwise such guarantee or security document shall be subject to such limit;

- guarantees and security will be limited so that the aggregate of notarial costs and all registration and like taxes and duties relating to the provision of security will not exceed an amount to be agreed between agent of the Issuer and the Security Agent given that the parties to the Indenture have agreed not to opt for the *Imposta Sostitutiva* regime pursuant to article 15 and subsequent of Italian Presidential Decree No. 601/1973 as amended and supplemented from time to time, security that requires payment in Italy of an *ad valorem* registration Tax on the amount of the secured obligations will not be taken (i) unless it can be executed by way of exchange of correspondence or in any other form required under the applicable law (other than Italian law) governing the relevant security which does not give rise to any such ad valorem registration Tax, or (ii) if Tax duty cannot be minimized upon execution, including by securing only the relevant grantor's own obligations as borrower;

- to the extent legally effective, all security will be given in favor of the Security Agent and not the secured parties individually (with the Security Agent to hold one set of security documents for all the secured parties); "parallel debt" provisions will be used where necessary (and included in the Intercreditor Agreement and not the individual security documents) provided that in no event will "parallel debt" provisions apply to Security Documents governed by Italian law;

- no member of the Group will be required to take any action in relation to any guarantees or security as a result of any assignment, sub participation or transfer by a secured party (and unless explicitly agreed to the contrary in the Notes Documents no member of the Group shall bear or otherwise be liable for any taxes, any notarial registration or perfection fees or any other costs, fees or expenses that result from any assignment, sub participation or transfer by a secured party);

- no security may be provided on terms which are inconsistent with the turnover or sharing provisions in the Intercreditor Agreement;

- the secured parties (or any agent or similar representative appointed by them at the relevant time) will not be able to exercise any power of attorney or set-off granted to them under the terms of the Notes Documents prior to the occurrence of applicable acceleration event which is continuing;

- 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*", and any update thereto by the LSTA;

- no translation of any document relating to any security or any asset subject to any security will be required to be prepared or provided to the secured parties (or any agent or similar representative appointed by them at the relevant time) unless (i) required for such documents to become effective or admissible in evidence, and (ii) an applicable acceleration event is continuing;

- where possible, the Security Documents governed by Italian law will be executed by way of exchange of correspondence (*scambio di corrispondenza commerciale*), or outside Italy, in order to minimize any documentary tax cost connected with their execution;

- a key factor in determining whether or not a guarantee or security will be taken (and in respect of the security, the extent of its perfection and/or registration) is the applicable time and cost (including adverse effects on taxes, interest deductibility, stamp duty, registration taxes, notarial costs guarantee fees payable to any person that is not a member of the Group and all applicable legal fees) which will not be disproportionate to the benefit accruing to the secured parties of obtaining such guarantee or security;

- security will not be required over any assets subject to security in favor of a third party (other than in relation to security under general business conditions of account banks which do not prohibit or prevent the creation of Liens over such accounts) or any cash constituting regulatory capital or customer cash (and such assets or cash shall be excluded from any relevant Security Document);

- it is expressly acknowledged that it may be either impossible or impractical to create security over certain categories of assets in which event security will not be taken over such assets;

- 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 Notes Documents (including dealing with the secured assets and all contractual counterparties or amending, waiving or terminating (or allowing to lapse) any rights, benefits or obligations, in each case prior to an applicable 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 shall be subject to this paragraph;

- in each case if requested by an agent of the Issuer: No guarantee or security will be required to be given by or over any acquired person or asset (and no consent shall be required to be sought with respect thereto) which are required to guarantee, secure or otherwise credit support Acquired Indebtedness or Indebtedness permitted under the section "*Certain Covenants—Limitation on Indebtedness*" (or in each case Refinancing Indebtedness in respect of such Indebtedness) ("**Applicable Debt**") to the extent such Indebtedness is permitted by the Notes Documents to remain outstanding after an acquisition. No member of a target group or other entity acquired pursuant to an acquisition not prohibited by the Indenture shall be required to become a guarantor or grant security with respect to any Notes Document if prevented by the terms of the documentation governing the Applicable Debt or if becoming a guarantor or the granting of any security would give rise to an obligation (including any payment obligation) under or in relation thereto. No security or Lien in favor of the other secured parties will be granted or continue to subsist over any asset of the Group secured for the benefit of any Permitted Indebtedness (including Applicable Debt) and to the extent constituting a Permitted Lien;

- all security (other than share security) will be governed by the law of, and secure only assets located in, the jurisdiction of incorporation of the applicable grantor of the security;

- share security over any subsidiary will be governed by the law of the place of incorporation of that subsidiary;

- no action in relation to security (including any perfection step, further assurance step, filing or registration) will be required in jurisdictions where the grantor of the security is not incorporated; and
- the guarantees and security to be provided in respect of the Notes in accordance with the Agreed Security Principles are only to be given by material subsidiaries which are incorporated in Italy and not in any other jurisdiction.

As described above, all of the Collateral will also secure the liabilities under the Revolving Credit Facility and may also secure certain future Indebtedness. The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the Holders.

Priority

The relative contractual priority with respect to Security Interests among the lenders under the Revolving Credit Facility, the counterparties under certain Hedging Obligations, if any, secured by the Collateral, the Trustee, the Security Agent, the Holders of the Notes and the creditors of certain other Indebtedness permitted to be secured by the Collateral, respectively, is or will be established by the terms of the Intercreditor Agreement, the Indenture, the Security Documents and the security documents relating to the Revolving Credit Facility, such Hedging Obligations, or other Indebtedness, as applicable. The Intercreditor Agreement will provide, among other things, that the obligations under the Notes will receive proceeds on enforcement of security over the Collateral only after the claims of the Revolving Credit Facility, certain Hedging Obligations, if any, and any future Indebtedness permitted to be secured on a super priority basis in accordance with the terms of the Indenture and the Intercreditor Agreement are satisfied. See "*Description of Certain Financing Arrangements—Intercreditor Agreement" and* "*Description of Certain Financing Arrangements—Revolving Credit Facility*." In addition, in connection with the Incurrence of certain Indebtedness that is permitted by the Indenture to be secured on the Collateral, the Issuer may enter into Additional Intercreditor Agreements in compliance with the Indenture on substantially the same terms as the Intercreditor Agreement. See "*—Certain covenants—Impairment of Security Interests" and* "*—Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be bound*."

Security Documents; Enforcement of Security Interests

Under the Security Documents, security will be granted over the Collateral to secure the payment when due of the Issuer's payment obligations under the Notes and the Indenture. The Security Documents will be entered into by, among others, the relevant security provider, the Security Agent for itself and as agent for the secured parties (and, with respect to the Security Documents governed by Italian law, also as Security Representative and legal representative (*mandatario con rappresentanza*)), and, with respect to the Security Documents governed by Italian law, the Trustee acting for itself and in its capacity as the Trustee under the Indenture. The Security Agent will also act in the name and on behalf of the lenders under the Revolving Credit Facility and the counterparties under certain Hedging Obligations, if any, in relation to the Security Interests in favor of such parties.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by the Security Interests in the Collateral until all obligations under the Notes and the Indenture have been discharged. However, the Security Interests with respect to the Notes may be released under certain circumstances as provided under *"—Release of Liens*."

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by the applicable laws, only the Security Agent (including in its role as Security Representative) will have the right to enforce the Security Interests in the name and on behalf of the Trustee and the holders of the Notes. The Security Documents will provide that the rights under the Security Documents must be exercised by the Security Agent (including in its role as Security Representative). As a consequence of such contractual provisions and since the Holders are not a party to the Security Documents, holders of the Notes will not, individually or collectively, be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Security Agent (including in its role as Security Representative) or the Trustee (as applicable) under the Indenture. To the extent permitted by the applicable laws and subject to the terms of the Intercreditor Agreement and the Indenture, holders of the Notes will, in certain circumstances, be entitled to direct the Trustee to provide instructions to the Security Agent for the enforcement of the Security Interests. The Indenture and the Intercreditor Agreement will restrict the ability of the holders or the Trustee to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon enforcement by the lenders under the Revolving Credit Facility. Under the Intercreditor Agreement, the Security Agent will also act in the name and on behalf of the lenders under the Revolving Credit Facility and the counterparties under certain Hedging Obligations, if any, in relation to the Security Interest in favor of such parties.

In the event that the Issuer or the Target enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. Please see "*Risk Factors—Risks Related to the Notes and the Collateral*."

Subject to the terms of the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, the Issuer 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. The creditors under the Revolving Credit Facility, the holders of Notes, the counterparties to certain Hedging Obligations (if any) secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have appointed for the purposes of Article 1704 (*mandato con rappresentanza*) of the Italian Civil Code, the Security Agent to act as its agent and *mandatario con rappresentanza* under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents.

Furthermore, each Holder will be deemed to have appointed the Security Agent as *mandatario con rappresentanza* pursuant to article 1704 of the Italian Civil Code to act on its behalf and as representative (*rappresentante*) pursuant to article 2414-bis of the Italian Civil Code. The creditors under the Revolving Credit Facility, the Holders of Notes, the counterparties to certain Hedging Obligations (if any) secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, authorized the Security Agent under the Indenture and/or the Intercreditor Agreement (as applicable) to: (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents, together with any other incidental rights, power and discretions; and (ii) execute each Security Document, waiver, modification, amendment, confirmation, extension, renewal, replacement or discharge expressed to be executed by the Security Agent in its name and on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that the Issuer and the Trustee will be authorized (without any further consent of the Holders of the Notes) to enter into the Intercreditor Agreement to give effect to the provisions described in the section entitled "*Description of certain financing arrangements—Intercreditor Agreement*."

The Indenture will also provide that each Holder of the Notes, by accepting such Note, will be deemed to have:

- consented and agreed to be bound by the terms of the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement entered into in compliance with the provisions described under "*—Certain covenants—Additional Intercreditor Agreements*" (including, without limitation, the provisions providing for foreclosure and release of the Guarantee and the Security Interests, including upon an enforcement);

- authorized the Trustee and the Security Agent, as applicable, to act in its name and on its behalf to enter into the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement entered into in compliance with the provisions described under "*—Certain covenants—Additional Intercreditor Agreements*" and to be bound thereby and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith;

- appointed and authorized the Trustee and the Security Agent to give effect to the provisions in the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement;

- agreed to, and accepted, the appointment of UniCredit S.p.A., as representative (*rappresentante*) of the Holders for the purposes of Article 2414-bis, third paragraph of the Italian Civil Code; and

- agreed and acknowledged that the Security Agent will administer the Collateral in accordance with the Intercreditor Agreement, the Indenture and the Security Documents.

Similar provisions to those described above may be included in any Additional Intercreditor Agreement entered into in compliance with the provisions described under "*—Certain covenants—Additional Intercreditor Agreements*."

Release of Liens

Release of the Security Interests in respect of the Collateral will be permitted under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral to (a) a Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to "*Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and is otherwise not prohibited by the Indenture or (b) the Issuer or any Restricted Subsidiary; *provided* that this clause (1)(b) shall not be relied upon in the case of a transfer of Capital Stock or of accounts receivable (including intercompany loan receivables and hedging receivables) to a Restricted Subsidiary (except to a Securitization Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to, a Lien in favor of the Notes following such sale or disposal;

(2) in the case of a future Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets of, and Capital Stock issued by, such future 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*," respectively;

(5) automatically without any action by the Trustee, if the Lien granted in favor of the Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released;

(6) in a transaction that complies with the provisions described in "*Merger and Consolidation*"; *provided that* in such a transaction where the Issuer or future Guarantor ceases to exist, the Lien on the Capital Stock of the Issuer or such future Guarantor will be released and, subject to the Agreed Security Principles, will reattach (or a new Lien will be created) over the Capital Stock of the successor entity pursuant to a new share pledge (on terms substantially equivalent to the existing Lien on the Capital Stock of the Issuer or such future Guarantor, as applicable) granted by the holder of such Capital Stock;

(7) in connection with the Post-Completion Merger with respect to Security Interests over the Completion Date Collateral or the Post-Completion Collateral that are extinguished by operation of law;

(8) in connection with a Permitted Reorganization;

(9) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Notes Indenture, the release of the property and assets of, and Capital Stock issued by, such Unrestricted Subsidiary, and the release of any assets designated by the Issuer as Receivables Assets in connection with a Receivables Facility;

(10) as described under "*IPO Pushdown*"; or

(11) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interests created by the Security Documents will be released (a) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted by the covenant described under "*Certain Covenants—Impairment of Security Interest.*"

The Security Agent and the Trustee (but only if required) will take all necessary action reasonably requested by, and at the cost of, the Issuer to effectuate any release of Collateral securing the Notes and the Guarantee, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document. 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). The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and Opinion of Counsel, each certifying which circumstance, as described above, giving rise to a release of the Security Interests has occurred, and that such release complies with the Indenture.

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons attached, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Notes**"). 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

- 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 interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a Person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Notes Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Notes 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 Notes Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to Investors*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Notes 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 definitive registered Notes:

(1) For a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) For a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) For a period of 15 days prior to the record date with respect to any interest payment date; or

(4) Which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer of an Asset Disposition Offer.

The Issuer, the Trustee, the Security Agent, the Paying Agent, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Note as the owner thereof for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

Upon the issuance of the Notes, the Issuer will have no subsidiaries. On the Acquisition Closing Date, the Issuer's sole Subsidiary will be the Target, which will be a Restricted Subsidiary. Any Subsidiary which is created following the issuance of the Notes will be a Restricted Subsidiary, unless designated as an Unrestricted Subsidiary. In the circumstances described below under "*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*," the Issuer will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Notes Indenture.

Optional Redemption

Except as set forth below, and except as described under "*—Escrow of proceeds; Special Mandatory Redemption*" and "*Redemption for Taxation Reasons*," the Notes are not redeemable until September 30, 2024.

At any time prior to September 30, 2024, the Issuer may redeem the Notes, in whole or in part, at its option, upon notice as described under "*Selection and Notice*," at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date.

At any time and from time to time prior to September 30, 2024, the Issuer may, at its option, during each calendar year redeem up to 10% of the original aggregate principal amount of the Notes, including any Additional Notes, upon giving notice as described under "*—Selection and Notice*," at a redemption price equal to 103.000% of the principal amount of the Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to but excluding the redemption date.

At any time and from time to time prior to September 30, 2024, the Issuer may, at its option, redeem Notes, upon notice as described under "*Selection and Notice*," with the Net Cash Proceeds received by the Issuer from any Equity Offering at a redemption price equal to 104.87500% of the principal amount of the Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the redemption date in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes (including any Additional Notes); *provided that*:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original aggregate principal amount of the Notes (including Additional Notes) issued under the Notes Indenture remains outstanding immediately thereafter.

At any time and from time to time on or after September 30, 2024, the Issuer may redeem the Notes, in whole or in part, upon notice as described under "*Selection and Notice*," at a redemption price equal to the percentage of principal amount of the Notes so redeemed set forth below plus accrued and unpaid interest, if any, on the Notes redeemed, to, but excluding, the applicable redemption date and Additional Amounts, if any, if redeemed during the period beginning on September 30, of the year indicated below:

Year	Redemption Price
2024	102.43750%
2025	101.21875%
2026, and thereafter	100.00000%

Other Redemption Terms

Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer or Asset Disposition Offer, if Holders of not less than 90% in aggregate principal amount of the outstanding Notes of such series validly tender and do not withdraw such Notes in such tender offer and the

Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase date, to redeem all Notes of such series, in whole or in part, that remain outstanding following such purchase at a price equal to the price offered to each other Holder (excluding any early tender or incentive fee) in such tender offer (provided that such price shall not be less than 100% of the principal amount) plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but excluding, the date of such redemption. Without prejudice to any provision of the Notes Indenture regarding Notes deemed not be outstanding for voting purposes if held by the Issuer or its Affiliates, in determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes of a series have validly tendered and not validly withdrawn Notes in a tender offer, including a Change of Control Offer or Asset Disposition Offer, Notes owned by an Affiliate of the Issuer or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer and such determination.

Subject to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement, 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*."

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Mandatory Redemption or Sinking Fund

Except as set forth above under "*—Escrow of proceeds; Special Mandatory Redemption*," the Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under "*Change of Control*" and "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

Selection and Notice

If fewer than all of the 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), by lot or on such other basis as they deem fair and appropriate (including the pool factor); *provided, however*, that no Book- Entry Interest of less than €100,000 principal amount may be redeemed in part. If the Notes are not held through Euroclear and Clearstream or Euroclear and Clearstream prescribe no method of selection the Notes will be selected, on a *pro rata* basis, subject to adjustments so that no Note in an unauthorized denomination remains outstanding after such redemption; *provided, however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 shall be redeemed. The Trustee, the Paying Agent and the Registrar shall not be liable for selections made under this paragraph.

Notices of redemption will be delivered electronically or mailed by first-class mail at least 10 days but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, except that redemption notices may be delivered electronically or mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

Notice of any redemption of the Notes may, at the Issuer's discretion, be given prior to the completion of a transaction (including an Equity Offering, an incurrence of Indebtedness, a Change of Control, an Asset Disposition or other transaction) and any redemption notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of a related transaction. If such redemption or purchase is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, in the Issuer's discretion, the redemption or repurchase date may be delayed until such time (including more than 60 days after the date the notice of redemption or offer to purchase was sent) as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the redemption or purchase date, or by the redemption or purchase date as so delayed, or that such notice may be rescinded at any time in the Issuer's sole discretion if the Issuer determines that any or all of such conditions will not be satisfied or waived. In addition, the Issuer may provide in such notice that payment of the redemption or purchase price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

The Issuer may redeem Notes pursuant to one or more of the relevant provisions in the Indenture, and a single notice of redemption may be delivered with respect to redemptions made pursuant to different provisions. Any such notice may provide that redemptions made pursuant to different provisions will have different redemption dates.

If the optional redemption date is on or after a record date and on or before the corresponding interest payment date, the accrued and unpaid interest up to, but excluding, the redemption date will be paid on the redemption date to the Holder in whose name the Note is registered at the close of business on such record date in accordance with the applicable procedures of Euroclear and Clearstream, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

If and for so long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and if and to the extent the rules of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange of any such notice to the Holders of the Notes and, in connection with any redemption, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

If any Definitive Registered Note is to be redeemed in part only, the notice of redemption that relates to that Definitive Registered Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Definitive Registered Note will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, unless the Issuer defaults in the payment of the redemption price, interest ceases to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption (a "**Tax Redemption Date**") (subject to the right of Holders 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 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 written interpretation of such laws, treaties, protocols, regulations or rulings (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (1) and (2), a "**Change in Tax Law**"),

a Payor (as defined below) is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts with respect to the Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must 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 (a) to a Guarantor only after such time as such Guarantor is obliged to make at least one payment on the Notes and (b) *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Notes Indenture, with respect to a Change in Tax Law occurring after the time such successor Person becomes a party to the Notes 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 mailing of any notice of redemption of Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and that the obligation to pay Additional Amounts cannot be avoided by the relevant Payor taking reasonable measures available to it and (b) a written opinion of an independent tax counsel of recognized standing qualified under the laws of the relevant taxing jurisdiction and reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld, conditioned or delayed) 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 liability or 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 or a successor of the Issuer or Guarantor (each, a "**Payor**") on the Notes or any Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law or by the applicable taxing authority's interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Italy or any political subdivision or governmental authority thereof or therein having the power to tax;

(2) any jurisdiction from or through which payment on any such Note or Guarantee is made by or on behalf of a Payor (including the jurisdiction of the Paying Agent), or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which a Payor is organized, engaged in business for tax purposes or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "**Relevant Taxing Jurisdiction**"),

will at any time be required by law to be made from any payments made by or on behalf of the Payor on any Note or Guarantee, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received in respect of such payments by the Holders, after such withholding, deduction or imposition (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note or Guarantee in the absence of such withholding or deduction; provided, however, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes, to the extent that such Taxes would not have been so imposed or withheld but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) or the beneficial owner of a Note and the Relevant Taxing Jurisdiction (including, without limitation, being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note or the Indenture or any Guarantee in respect thereof;

(2) any Tax, to the extent that such Tax is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor, a Paying Agent, or other person acting as an agent for the Payor or a Paying Agent, addressed to the Holder, after reasonable notice (at least 30 days before any such withholding is payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other

reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from or reduction in the rate of deduction or withholding of all or part of such Tax;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment of the principal of, premium, if any, or interest, if any, on or with respect to the Notes or any Guarantee;

(4) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(5) any Taxes imposed in connection with a Note presented for payment by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another paying agent in a member state of the European Union;

(6) any Taxes imposed, withheld or deducted pursuant to sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (or any amended or successor version of such sections that is substantially comparable) (the "**Code**"), any current or future regulations thereunder, official interpretations thereof or agreements (including any intergovernmental agreement or any laws, rules or practices implementing such intergovernmental agreement) entered into in connection therewith or otherwise pursuant to any agreements described in Section 1471(b) of the Code;

(7) any Taxes to the extent such Taxes are for or on account of *imposta sostitutiva* (pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("**Decree No. 239**")) and any related implementing regulations, or pursuant to Italian Legislative Decree No. 461 of November 21, 1997, as amended or supplemented from time to time ("**Decree No. 461**") and any related implementing regulations, provided that:

(i) Additional Amounts shall be payable in circumstances where the procedures required under Legislative Decree No. 239 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due solely to the actions or omissions of the Payor or their agents; and

(ii) for the avoidance of doubt, (A) no Additional Amounts shall be payable with respect to any Taxes to the extent that such Taxes result from payment to a non-Italian resident legal entity or a non-Italian resident individual which is subject to *imposta sostitutiva* by reason of not being resident in a country which allows for a satisfactory exchange of information with Italy (the "**White List**") and (B) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are for or on account of imposta sostitutiva if the Holder becomes subject to *imposta sostitutiva* after the Issue Date by reason of any change in Decree No. 239 or Decree No. 461 or any change in the White List; or

(8) any combination of the items (1) through (7) above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is required) within 30 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such Tax resulting in Additional Amounts would not have been imposed or such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (7) inclusive above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies as soon as reasonably practicable to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Paying Agent. The Payor will attach to each such certified copy of such payments a certificate stating that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on any Note, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Paying Agent shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "*Description of the Notes*" there are mentioned, in any context:

(1) the payment of principal,

(2) redemption prices or purchase prices in connection with a redemption or a purchase of Notes,

(3) interest, or

(4) any other amount payable on or with respect to any of the Notes or any Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest, penalties and any other reasonable expenses with respect thereto) or any other excise, property or similar Taxes (including any related interest, penalties and any other reasonable expenses with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, issuance, delivery, registration or enforcement of any Notes, any Guarantee, the Indenture, the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement or any other document or instrument in relation thereto (other than in each case, (A) in connection with a transfer of the Notes after the Issue Date or (B) to the extent that such stamp, issue registration court or documentary taxes, or any other excise, property or similar taxes or similar charges or levies become 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 Guarantee, the Indenture, the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement or any other document or instrument in relation thereto), and the Payor agrees to indemnify the Holders for any such Taxes paid by such Holders.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, and any transfer by a Holder or beneficial owner, and will apply mutatis mutandis to any jurisdiction in which any successor to a Payor is organized, incorporated, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes or any Guarantee is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein having the power to tax.

Change of Control

The Indenture will provide that if a Change of Control Triggering Event occurs, unless (i) a third party makes a change of control offer as described herein or (ii) the Issuer has previously or substantially concurrently therewith delivered a redemption notice with respect to all the outstanding Notes as described under "*Optional Redemption*," the Issuer will make an offer to purchase all of the Notes (equal to €100,000 in principal amount or in integral multiples of €1,000 in excess thereof; *provided that* Notes of €100,000 or less in principal amount may only be redeemed in whole and not in part) pursuant to the offer described below (the "**Change of Control Offer**") at a price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to but excluding the date of repurchase. Within 60 days following any Change of Control Triggering Event, the Issuer will deliver or cause to be delivered a notice of such Change of Control Offer electronically in accordance with the applicable procedures of Euroclear and Clearstream or by first-class mail, with a copy to the Trustee, to each Holder at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice, except in the case of a conditional Change of Control Offer made in advance of a Change of Control Triggering Event as described below.

To the extent that the provisions of any securities laws, rules or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The occurrence of events which would constitute a Change of Control or a Change of Control Triggering Event may constitute a default under the Revolving Credit Facility Agreement that permits the Revolving Credit Facility lenders to accelerate the maturity of borrowings thereunder. Future Indebtedness of the Issuer or the Restricted Subsidiaries may contain prohibitions on certain events which would constitute a Change of Control or a Change of Control Triggering Event or require such Indebtedness to be repurchased upon a Change of Control or a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control or the Change of Control Triggering Event itself does not, due to the financial effect of such repurchase on the Issuer.

The Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by its then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases. The Change of Control Triggering Event purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of Control Triggering Event purchase feature is a result of negotiations between the initial purchasers of the Notes and us.

Subject to the limitations discussed below, the Issuer could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Triggering Event under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to Incur additional Indebtedness are contained in the covenants described under "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens*." Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control Triggering Event if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (ii) a notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described under "*Optional Redemption*," unless and until there is a default in the payment of the redemption price on the applicable redemption date or the redemption is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event, conditional upon such Change of Control Triggering Event.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to certain Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of such phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control Triggering Event has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control Triggering Event may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and if and to the extent that the rules of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange of any Change of Control Offer.

IPO Pushdown

On, in contemplation of, or following an Initial Public Offering, the terms of the Intercreditor Agreement will provide (and the Indenture and the Notes shall be subject to such provisions) that the Issuer or its successor shall be entitled to require (by written notice to the Trustee and the Security Agent) that the terms of the Indenture, the Intercreditor Agreement (and any Additional Intercreditor Agreement) and the Security Documents shall operate (with effect from the date specified in such notice and, in respect of the Target Share Pledge, provided that such date falls on or after the date on which the Post-Completion Merger is completed) as described in "*Description of Other Indebtedness—Intercreditor Agreement—Provisions following an IPO*." The Trustee and the Security Agent shall be required (at the expense of the Issuer) to enter into any amendment to the Indenture, the Intercreditor Agreement (and any Additional Intercreditor Agreement) 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. See "*Risk Factors—Risks Relating to the Notes and Guarantee—There are circumstances other than the repayment or discharge of the Notes under which the Collateral securing the Notes will be released automatically without your consent or the Trustee or the Security Agent obtaining your further consent.*"

Certain Covenants

Set forth below are summaries of certain covenants that will be contained in the Indenture. For the avoidance of doubt, the consummation of the Transactions shall not be prohibited by the covenants below.

Suspension of Covenants on Achievement of Investment Grade Status

Following the first day that (x) the Notes have achieved Investment Grade Status and (y) no Event of Default has occurred and is continuing under the Indenture, then, beginning on that day and continuing until the Reversion Date, the Issuer and the Restricted Subsidiaries will not be subject to the following covenants (the "**Suspended Covenants**"):

- "*—Limitation on Indebtedness*";
- "*—Limitation on Restricted Payments*";
- "*—Limitation on Sales of Assets and Subsidiary Stock*";
- "*—Limitation on Affiliate Transactions*";
- "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*";
- "*—Future Guarantees*";
- "*—Impairment of Security Interest*";
- "*—Limitation on Activities of the Third Party Security Provider*," and
- provisions of clause (3)(i) of the first paragraph under "*Merger and Consolidation—Issuer*."

If at any time the Notes cease to have such Investment Grade Status, then the Suspended Covenants will thereafter be reinstated as if such covenants had never been suspended (the "**Reversion Date**") and will be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Notes subsequently attains Investment Grade Status (in which event the Suspended Covenants shall no longer be in effect for such time that the Notes maintain an Investment Grade Status); *provided that* no Default, Event of Default or breach of any kind shall be deemed to exist under the Indenture with respect to the Suspended Covenants based on, and none of the Issuer or any of the Restricted Subsidiaries shall bear any liability with respect to such Suspended Covenants for, any actions taken or events occurring during the Suspension Period, or any actions taken at any time pursuant to any contractual obligation arising prior to the Reversion Date, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period. The period of time between the date of suspension of the covenants and the Reversion Date is referred to as the "**Suspension Period**."

On the Reversion Date, all Indebtedness Incurred during the Suspension Period will be deemed to have been outstanding on the Issue Date so that it is classified as permitted under clause (4)(A) of the second paragraph under "*—Limitation on Indebtedness*."

On and after the Reversion Date, all Liens created during the Suspension Period will be considered Permitted Liens pursuant to paragraph (k) of such definition.

Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "*—Limitation on Restricted Payments*" will be made as though the covenants described under "*—Limitation on Restricted Payments*" above had been in effect since the Issue Date and prior to, but not during, the Suspension Period and accordingly, Restricted Payments made during the Suspension Period will not reduce the amount available to be made as Restricted Payments under "*—Limitation on Restricted Payments.*"

On the Reversion Date, the amount of Excess Proceeds shall be reset at zero.

Any Affiliate Transaction entered into after the Reversion Date pursuant to an agreement entered into during any Suspension Period will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (6) of the second paragraph under "*—Limitation on Affiliate Transactions*."

Any encumbrance or restriction on the ability of the Issuer or any Restricted Subsidiary to take any action described in clauses (1) through (3) of the first paragraph of the covenant described under "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*" that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to clause (1) of the second paragraph of the covenant described under "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*."

On and after each Reversion Date, the Issuer and the Restricted Subsidiaries will be permitted to consummate the transactions contemplated by any contract entered into during the Suspension Period, so long as such contract and such consummation would have been permitted during such Suspension Period.

Any future obligation to grant further Guarantees shall be released. All such further obligation to grant Guarantees shall be reinstated upon the Reversion Date.

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness) and the Issuer will not issue Disqualified Stock and will not permit any of the Restricted Subsidiaries to issue Preferred Stock, *provided that* the Issuer and any of the Restricted Subsidiaries may Incur Indebtedness (including Acquired Indebtedness) and the Issuer may issue Disqualified Stock and any of the Restricted Subsidiaries may issue Preferred Stock, if on the Applicable Test Date and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio of the Issuer and the Restricted Subsidiaries is at least 2.00:1.00.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness (collectively, "**Permitted Indebtedness**"):

(1) the Incurrence by the Issuer or any of the Restricted Subsidiaries of Indebtedness under any Credit Facility (and the issuance and creation of letters of credit, guarantees and bankers' acceptances thereunder) in an aggregate principal amount at any time outstanding not to exceed:

(A) an amount equal to the greater of (x) €150.0 million and (y) 130% of LTM EBITDA; *plus*

(B) the maximum amount of Senior Secured Indebtedness such that, on the Applicable Test Date, after giving *pro forma* effect to such Incurrence (including *pro forma* application of the proceeds thereof), the Consolidated Senior Secured Net Leverage Ratio of the Issuer and the Restricted Subsidiaries does not exceed 3.4:1.00 (with any Indebtedness Incurred under paragraph (A) above on the date of determination of the Consolidated Senior Secured Net Leverage Ratio not being included in the calculation of Consolidated Senior Secured Net Leverage Ratio under this paragraph (B) on such date of determination but not, for the avoidance of doubt, excluded from any such calculation made on any such subsequent date); *plus*

(C) the maximum amount of Indebtedness that is subject to the Intercreditor Agreement secured by a Permitted Collateral Lien but is not Senior Secured Indebtedness ("**Junior Secured Indebtedness**") such that, on the date of determination, after giving *pro forma* effect to such Incurrence (including *pro forma* application of the proceeds thereof), the Consolidated Total Secured Net Leverage Ratio of the Issuer and the Restricted Subsidiaries does not exceed

3.9:1.00 (with any Indebtedness Incurred under paragraph (A) above on the date of determination of the Consolidated Total Secured Net Leverage Ratio not being included in the calculation of Consolidated Total Secured Net Leverage Ratio under this paragraph (C) on such date of determination but not, for the avoidance of doubt, excluded from any such calculation made on any such subsequent date); *plus*

(D) the maximum amount of Indebtedness that is not Senior Secured Indebtedness or Junior Secured Indebtedness, such that, on the date of determination, on a *pro forma* basis for such Incurrence (including *pro forma* application of the proceeds thereof), (I) the Consolidated Total Net Leverage Ratio of the Issuer and the Restricted Subsidiaries does not exceed 4.4:1.00 or (II) the Fixed Charge Coverage Ratio of the Issuer and the Restricted Subsidiaries is at least 2.00:1.00 (in each case with any Indebtedness Incurred under paragraph (A) above on the date of determination of the Consolidated Total Net Leverage Ratio or the Fixed Charge Coverage Ratio not being included in the calculation of Consolidated Total Net Leverage Ratio or the Fixed Charge Coverage Ratio under this paragraph (D) on such date of determination but not, for the avoidance of doubt, excluded from any such calculation made on any such subsequent date),

provided that in each case any Indebtedness or unutilized commitments in respect of Indebtedness Incurred or deemed to be Incurred pursuant to this paragraph (1) may at any time without restriction, condition or use of other permission (A) be refinanced at any time if the principal amount of the Indebtedness Incurred in the refinancing does not exceed the greater of (I) the aggregate principal amount of Indebtedness permitted to be Incurred pursuant to this paragraph (1) on the date of determination for such refinancing and (II) the aggregate principal amount of the Indebtedness or unutilized commitments in respect of Indebtedness being refinanced at such time (together with an amount necessary to pay accrued and unpaid interest and any fees and expenses, including any premium and defeasance costs, indemnity fees, discounts, premiums and other costs and expenses Incurred (including tender premiums), penalties, interest or hedging break costs, accrued and unpaid interest and any related stamp or other taxes, notarial, registration or similar fees and other fees, costs and expenses (including original issue discount, upfront fees, or similar fees in respect of the Indebtedness Incurred to effect such refinancing) Incurred or payable in connection with such refinancing); and (B) to the extent of any voluntary prepayment, buyback or cancellation of any facility relating thereto shall (without double counting) be permitted to be incurred at any later time up to such amount prepaid, bought back or cancelled;

(2) any (A) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary and (B) without limiting the covenant 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, in each case, so long as the Incurrence of such Indebtedness or other obligations is not prohibited by 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* (A) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and (B) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer, shall be deemed in each case, to constitute an Incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be;

(4)

(A) Indebtedness of the Target and any Restricted Subsidiary outstanding as of the Acquisition Closing Date or Incurred under a facility committed or available for utilization and as in effect as of the Acquisition Closing Date (other than Indebtedness Incurred under the Revolving Credit Facility on the Acquisition Closing Date (if any));

(B) Indebtedness represented by the Notes outstanding on the Issue Date;

(C) Refinancing Indebtedness Incurred in respect of any Indebtedness described in:

(i) this paragraph (4);

(ii) paragraph (5)(B) below; or

(iii) the first paragraph of this covenant;

(D) other Indebtedness Incurred to finance Management Advances or MEP Payment; or

(E) "parallel debt" obligations under any Note Document;

(5) Indebtedness (x) of the Issuer or any Restricted Subsidiary or any Person that will be a Restricted Subsidiary or that will be merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, Incurred or issued to finance an acquisition (including an acquisition of any assets), Investment, transaction, merger, amalgamation, consolidation or capital expenditure or other or similar transaction or (y) of Persons that are, or secured by any assets that are, acquired by the Issuer or any Restricted Subsidiary or merged into, amalgamated or consolidated with the Issuer or a Restricted Subsidiary in accordance with the terms of the Indenture or (z) any Acquired Indebtedness; in an aggregate principal amount outstanding not to exceed:

(A) the greater of (I) €29 million and (II) 25.0% of LTM EBITDA at the applicable time, when taken together with any Refinancing Indebtedness pursuant to this paragraph (5)(A); *plus*

(B) unlimited additional Indebtedness to the extent that after giving effect to such acquisition, Investment, transaction, merger, amalgamation, consolidation or capital expenditure or other or similar transaction and without giving effect to any Indebtedness Incurred or issued pursuant to paragraph (A) above on the Applicable Test Date, either:

(i) if such Indebtedness is not Senior Secured Indebtedness or Junior Secured Indebtedness, the Issuer would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or clause (1)(D) of the second paragraph of this covenant, or if such Indebtedness is Junior Secured Indebtedness, the Issuer would be permitted to Incur at least €1.00 of additional Junior Secured Indebtedness pursuant to clause (1)(C) of the second paragraph of this covenant or, if such Indebtedness is Senior Secured Indebtedness, the Issuer would be permitted to Incur at least €1.00 of additional Senior Secured Indebtedness pursuant to clause (1)(B) of the second paragraph of this covenant; or

(ii) (I) if such Indebtedness is not Senior Secured Indebtedness or Junior Secured Indebtedness, either the Fixed Charge Coverage Ratio of the Issuer and the Restricted Subsidiaries would not be lower, or the Consolidated Total Net Leverage Ratio of the Issuer and the Restricted Subsidiaries would not be higher, or (II) if such Indebtedness is Junior Secured Indebtedness, the Consolidated Total Secured Net Leverage Ratio of the Issuer and the Restricted Subsidiaries would not be higher, or (III) if such Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio of the Issuer and the Restricted Subsidiaries would not be higher, in each case, than it was immediately prior to such acquisition, Investment, transaction, merger, amalgamation, consolidation or capital expenditure or other or similar transaction;

(6) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes as determined in good faith by the Issuer);

(7) Indebtedness represented by Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment or Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness and is: (1) is a Capitalized Lease Obligation or other financing that was treated as an operating lease prior to the implementation of IFRS 16 (*Leases*) or (2) in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7)(2) and then outstanding, does not exceed the greater of (x) €35 million and (y) 30.0% of LTM EBITDA at the time of Incurrence, and any Refinancing Indebtedness in respect thereof;

(8) Indebtedness in respect of (A) workers' compensation claims, old-age-part-time arrangements, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations, or partial retirement obligations, vacation pay, health, disability or other employee benefits, customer guarantees performance, indemnity, surety, judgment, appeal, advance payment (including progress premiums), customs, value added or other tax 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 either (i) Incurred in the ordinary course of business or consistent with past practice; or (ii) in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (8)(A)(ii) and then outstanding, does not exceed the greater of (x) €6 million and (y) 5.0% of LTM EBITDA at the time of Incurrence, and any Refinancing Indebtedness in respect thereof; (B) 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 that* such Indebtedness is extinguished within 45 days of Incurrence; (C) customer deposits and advance payments (including progress premiums) 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; (D) letters of credit, bankers' acceptances, warehouse receipts, guarantees, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes (including bid and performance guarantees) or other similar instruments or obligations issued or relating to liabilities or obligations either: (i) Incurred in the ordinary course of business or consistent with past practice; or (ii) in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (8)(D)(ii) and then outstanding, does not exceed the greater of (x) €6 million and (y) 5.0% of LTM EBITDA at the time of Incurrence, and any Refinancing Indebtedness in respect thereof; (E) the financing of insurance premiums, take-or-pay obligations contained in supply arrangements, any customary treasury and/or Cash Management Services, depositary, cash management, credit card processing, automatic clearinghouse arrangements, overdraft protections, credit or debit card, purchase card, electronic funds transfer, the collection of checks and direct debits, cash pooling or netting or setting off arrangements, operating facilities or similar arrangements either: (i) Incurred in the ordinary course of business or consistent with past practice; or (ii) in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (8)(E)(ii) and then outstanding, does not exceed the greater of (x) €6 million and (y) 5.0% of LTM EBITDA at the time of Incurrence, and any Refinancing Indebtedness in respect thereof; (F) Indebtedness representing:(i) deferred consideration or compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent Entity, the Issuer or any of its Subsidiaries in the ordinary course of business or consistent with past practice; or (ii) deferred consideration or compensation or other similar arrangements in connection with any Investment or acquisition permitted hereby or in connection with a Change of Control or a Permitted Change of Control; (G) Indebtedness owed on a short-term basis of no longer than 30 Business Days owed to banks and other financial institutions Incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer or any Restricted Subsidiary; (H) Settlement Indebtedness; and (I) 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 on arm's length commercial terms;

(9) Indebtedness arising from agreements providing for Guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided that* the maximum liability of the Issuer and the Restricted Subsidiaries in respect of all such Indebtedness in connection with a disposition shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and the Restricted Subsidiaries in connection with such disposition;

(10) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this paragraph (10) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer or any of its Restricted Subsidiaries from the issuance or sale (other than to the Issuer or a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock of the Issuer or a Restricted Subsidiary, as applicable, or otherwise contributed (other than by the Issuer or a Restricted Subsidiary) to the equity (in each case, other than through the issuance of Disqualified Stock, Designated Preferred Stock or an Excluded Contribution, Shareholder Funding or Excluded Amounts) of the Issuer or such Restricted Subsidiary, in each case, subsequent to the Acquisition Closing Date and any Refinancing Indebtedness in respect thereof, *provided that*: (A) any such Net Cash Proceeds that are so received or contributed shall not increase the amount available for making Restricted Payments to the extent the Issuer and the Restricted Subsidiaries Incur Indebtedness in reliance thereon; and (B) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this paragraph to the extent such Net Cash Proceeds or cash have been applied to make a Restricted Payment;

(11) Indebtedness of Restricted Subsidiaries that are not Guarantors and Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of joint ventures or Associates in an aggregate principal amount outstanding not to exceed the greater of (x) €29 million and (y) 25.0% of LTM EBITDA at any time outstanding and any Refinancing Indebtedness in respect thereof, does;

(12) Indebtedness consisting of promissory notes or otherwise issued by the Issuer or any of the Restricted Subsidiaries to any future, present or former employee, director, contractor or consultant of the Issuer, any of its Subsidiaries or any Parent Entity (or permitted transferees, assigns, estates, or heirs of such employee, director, contractor or consultant), including to finance the purchase or redemption of Capital Stock of the Issuer or any Parent Entity or payment of a transaction bonus that is permitted by the covenant described under "*—Limitation on Restricted Payments*";

(13) Indebtedness 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 the greater of (x) €58 million and (y) 50.0% of LTM EBITDA, and any Refinancing Indebtedness in respect thereof;

(14) Indebtedness Incurred pursuant to factoring financings, securitizations, asset backed loans and financings (howsoever described or structured), receivables financings or similar arrangements, in each case, that are: (A) not recourse to the Issuer and the Restricted Subsidiaries other than a Securitization Subsidiary (except to the extent customary in the good faith determination of the Issuer for such type of arrangement and except for Standard Securitization Undertakings) or entered into in the ordinary course of business; or (B) in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (14)(B) and then outstanding, is not in excess of the greater of (x) €29 million and (y) 25.0% of LTM EBITDA and any Refinancing Indebtedness in respect thereof;

(15) any obligation, or guarantee of any obligation, of the Issuer or any Restricted Subsidiary to reimburse or indemnify a Person extending credit to customers of the Issuer or a Restricted Subsidiary Incurred in the ordinary course of business or consistent with past practice for all or any portion of the amounts payable by such customers to the Person extending such credit;

(16) Indebtedness to a customer to finance the acquisition of any equipment necessary to perform services for such customer; *provided that* (A) the repayment of such Indebtedness is conditional upon such customer ordering a specific volume of goods and (B) such Indebtedness does not bear interest or provide for scheduled amortization or maturity;

(17) Obligations in respect of Disqualified Stock of the Issuer in a principal amount which, when taken together with the principal amount of all other Indebtedness incurred pursuant to this clause (17) and then outstanding, does not to exceed the greater of (x) €29 million and (y) 25.0% of LTM EBITDA and any Refinancing Indebtedness in respect thereof;

(18) Indebtedness of the Issuer or any of the Restricted Subsidiaries arising pursuant to any Permitted Tax Restructuring;

(19) any joint and several liability or any netting or set-off arrangements arising in each case by operation of law as a result of the existence or establishment of a fiscal unity for corporate income tax, trade tax or value added tax purposes or similar purposes or any analogous arrangement;

(20) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (20), does not at any time exceed an amount equal to 100% of the Relevant RP Capacity Amount (determined on the date of such incurrence) and any Refinancing Indebtedness in respect thereof; *provided* that the Incurrence of Indebtedness in reliance on the Relevant RP Capacity Amount shall reduce the amount available for making Restricted Payments pursuant to the covenant described below under "*—Limitation on Restricted Payments*" by an amount equal to the outstanding principal amount of such Indebtedness until prepaid in accordance with paragraph (c) of the definition of "Relevant RP Capacity Amount"; and

(21) Indebtedness consisting of local lines of credit, bilateral facilities, overdraft facilities or local working capital facilities in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (21) and then outstanding, will not exceed the greater of (x) €35 million and (y) 30.0% of LTM EBITDA and any Refinancing Indebtedness in respect thereof.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) subject to clause (2) below, in the event that all or any portion of any item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of Permitted Indebtedness or is entitled to be Incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and will only be required to include, in any manner that complies with this covenant, the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) in the first paragraph of this covenant or one of the clauses of the second paragraph, and 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;

(2) with respect to the second paragraph of this covenant (other than clauses (1)(B), (1)(C) and (1)(D) of the second paragraph of this covenant), if at any time that the Issuer would be entitled to have Incurred any then outstanding item of Indebtedness pursuant to the first paragraph or clauses (1)(B), (1)(C) and (1)(D) of the second paragraph of this covenant, such item of Indebtedness shall (unless otherwise elected by the Issuer) be automatically reclassified into an item of Indebtedness Incurred pursuant to the first paragraph or clauses (1)(B), (1)(C) and (1)(D) of the second paragraph of this covenant, as applicable;

(3) for purposes of determining compliance with this covenant, with respect to Indebtedness Incurred under a Credit Facility, re-borrowings of amounts previously repaid pursuant to a "cash sweep" or "clean down" provisions or any similar provisions under a Credit Facility that provide that Indebtedness is deemed to have been repaid periodically shall only be deemed for the purposes of this covenant to have been Incurred on the date such Indebtedness was first Incurred and not on the date of any subsequent re-borrowing thereof;

(4) in the case of any Refinancing Indebtedness, when measuring the outstanding amount of such Indebtedness, such amount shall not include any amounts necessary to pay accrued and unpaid interest and any fees and expenses, including any premium and defeasance costs, indemnity fees, discounts, premiums (including tender premiums), penalties, interest or hedging break costs, accrued and unpaid interest, and any related stamp or other taxes, notarial, registration or similar fees and other costs, fees and expenses (including original issue discount, upfront fees or similar fees in respect of such Refinancing Indebtedness) Incurred or payable in connection with such refinancing;

(5) 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;

(6) 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 the second paragraph of this covenant and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(7) 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;

(8) in the event that the Issuer or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to Incur or issue Indebtedness or commits to Incur any Lien pursuant to paragraph (cc) of the definition of "Permitted Liens," the Incurrence or issuance thereof for all purposes under the Indenture, including for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio, the Consolidated Total Secured Net Leverage Ratio, LTM EBITDA or the Consolidated Total Net Leverage Ratio, as applicable, or usage of any clause of the second paragraph of this covenant (if any) for borrowings and reborrowings thereunder (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Issuer's option, either at the Applicable Test Date or: (A) be determined (i) on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof (or, at the option of the Issuer, a portion thereof) has been borrowed as of such date) or other Indebtedness, Disqualified Stock or Preferred Stock (in each case, pursuant to any letter, agreement or instrument, which may be conditional, including as to documentation) and/or (ii) on the date on which such facility or commitments become available (assuming that the full amount thereof (or, at the option of the Issuer, a portion thereof) has been borrowed as of such date), and, if such Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio, the Consolidated Total Secured Net Leverage Ratio, LTM EBITDA or the Consolidated Total Net Leverage Ratio, as applicable, test or other provision of the Indenture is satisfied with respect thereto at such time, any borrowing or reborrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be permitted under this covenant irrespective of the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio, the Consolidated Total Secured Net Leverage Ratio, LTM EBITDA or the Consolidated Total Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of any borrowing or reborrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers' acceptances) on a date pursuant to the operation of this paragraph (A) shall be (in each case, solely to the extent that such committed amount, when borrowed or reborrowed, would constitute Indebtedness) the "**Reserved Indebtedness Amount**" as of such date for purposes of the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio, the Consolidated Total Secured Net Leverage Ratio, LTM EBITDA or the Consolidated Total Net Leverage Ratio, as applicable, and, to the extent of any clause of the second paragraph of this covenant (if any), shall be deemed to be Incurred and outstanding under such sub-paragraphs); or (B) be determined on the date such amount is borrowed or utilized pursuant to any such facility or increased commitment, and in each case, the Issuer may revoke such determination and/or make an alternate determination at any time and from time to time;

(9) (without prejudice to any other permitted basis as elected by the Issuer for calculating the conditions set out below otherwise permitted by the Indenture) in the event that the Issuer or a Restricted Subsidiary (w) Incurs Indebtedness to finance an acquisition (including an acquisition of assets), Investment, transaction, merger, amalgamation, consolidation, capital expenditure or other or similar transaction, (x) assumes Indebtedness of Persons that are, or secured by assets that are, acquired by the Issuer or any Restricted Subsidiary or merged into, amalgamated or consolidated with, the Issuer or a Restricted Subsidiary in accordance with the terms of the Indenture, (y) commits to an acquisition or transaction pursuant to which it may Incur Acquired Indebtedness or (z) is subject to a Change of Control or a Permitted Change of Control, the date of determination of LTM EBITDA, the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio, the Consolidated Total Secured Net Leverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, shall, at the option of the Issuer, be the Applicable Test Date or: (A) any date that a commitment, letter or agreement, put option or similar arrangement (conditional or otherwise

(including any documentation condition)) for such acquisition, transaction, merger, amalgamation, consolidation, Change of Control or Permitted Change of Control is entered into and the LTM EBITDA, Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio, the Consolidated Total Secured Net Leverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, shall be calculated giving *pro forma* effect to such acquisition, transaction, merger, amalgamation, consolidation, Change of Control or Permitted Change of Control and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) consistent with the definition of the LTM EBITDA, Fixed Charge Coverage Ratio, the Consolidated Senior Secured Net Leverage Ratio, the Consolidated Total Secured Net Leverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, and, for the avoidance of doubt: (i) if any such ratios or covenant baskets are exceeded as a result of fluctuations in such ratio or covenant baskets (including due to fluctuations in the Consolidated EBITDA of the Issuer or the target company) at or prior to the consummation of the relevant transaction, such ratios or covenant baskets will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether such acquisition, merger, amalgamation, consolidation, Change of Control, Permitted Change of Control or other transaction and any related transactions are permitted hereunder; and (ii) such ratios or covenant baskets shall not be tested at the time of consummation of such acquisition, transaction, merger, amalgamation, consolidation, Change of Control or Permitted Change of Control; *provided that* if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement, put option or similar arrangement, (I) any such transaction shall be deemed to have occurred on the date the definitive agreement, put option or similar arrangement is entered into and to be outstanding thereafter for purposes of calculating any ratios under the Indenture after the date of such agreement and before the earlier of the date of consummation of such acquisition or the date such agreement is terminated or expires without consummation of such acquisition and (II) to the extent any covenant baskets were utilized in satisfying any covenants, such baskets shall be deemed utilized until the earlier of the date of consummation of such acquisition, merger, amalgamation, consolidation, Change of Control, Permitted Change of Control or other transaction or the date such agreement is terminated or expires without consummation of such acquisition, merger, amalgamation, consolidation, Change of Control, Permitted Change of Control or other transaction but any calculation of LTM EBITDA or Consolidated EBITDA for purposes of other Incurrences of Indebtedness or Liens or making of Restricted Payments (not related to such acquisition) shall not reflect such acquisition until it has been consummated, unless such other Incurrence of Indebtedness or Liens is conditional or contingent on the occurrence of such acquisition, merger, amalgamation, consolidation, Change of Control, Permitted Change of Control or other transaction; or (B) the date such Indebtedness is borrowed or assumed or such Change of Control or Permitted Change of Control occurs;

(10) in the event that the Issuer or a Restricted Subsidiary is subject to a Permitted Change of Control, the calculation of LTM EBITDA, Fixed Charge Coverage Ratio, Consolidated Senior Secured Net Leverage Ratio, Consolidated Total Secured Net Leverage Ratio or Consolidated Total Net Leverage Ratio or any component thereof (each an "**Applicable Definition**") for the purposes of, at the election of the Issuer: (x) the definition of Change of Control Triggering Event; (y) the Incurrence of any Indebtedness in connection with a Permitted Change of Control; and (z) the making of any Restricted Payment in connection therewith may be (without prejudice to any other permitted basis as elected by the Issuer for calculating the conditions in paragraph (x) to (z) above otherwise permitted by the Indenture): (A) by reference to, at the election of the Issuer, either: (I) if no financial statements have yet been delivered to the Trustee as set forth under "—*Reports*", the Issue Date, with such Applicable Metric determined by reference to the financial information set out in this Offering Memorandum; (II) the most recent quarter end date for which financial statements have been delivered to the Trustee as set forth under "—*Reports*", with such Applicable Definition determined by reference to such financial statements; or (III) the last date of the most recently completed Relevant Period for which the Group has sufficient available information to be able to determine such Applicable Metric (with such Applicable Metric determined by reference to such available information) on or prior to (1) any time of any commitment, letter or agreement (conditional or otherwise (including any documentation condition)) to enter into the relevant transaction which would on consummation result in a Permitted Change of Control; or (2) the date upon which the Permitted Change of Control occurs (the "**Applicable Test Parameters**"); and (B) *pro forma* for any Indebtedness expected to be repaid on or prior to the completion date of the Permitted Change of Control, and any reduction in such ratio after giving *pro forma* effect to the use

of proceeds arising in connection with the Permitted Change of Control (including any shareholder injection, or increase to balance sheet cash received by the Group) and after giving *pro forma* effect to synergies and cost savings arising from or relating to the Permitted Change of Control, and to the extent satisfied by reference to the Applicable Test Parameters, such condition shall be deemed to be satisfied even if such condition is not satisfied on any subsequent date or by reference to any other applicable test parameters whether as a result of fluctuations in any basket, ratio or exchange rate after such date without prejudice to the right of the Issuer to select any other Applicable Test Parameters from time to time;

(11) notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness Incurred to refinance Indebtedness initially Incurred in reliance on the first paragraph or any clause of the second paragraph of this covenant above measured by reference to a percentage of LTM EBITDA at the applicable date, if such refinancing would cause the percentage of LTM EBITDA restriction to be exceeded if calculated based on the percentage of LTM EBITDA on the date of such refinancing, such percentage of LTM 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, indemnities, discounts, penalties, interest or hedging break costs, accrued and unpaid interest and any related stamp or other taxes, notarial, registration or similar fees and other costs, fees and expenses (including original issue discount, upfront fees or similar fees) Incurred or payable and fees in connection with such refinancing; and

(12) except as otherwise specified herein, 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 in the case of any other Indebtedness, with the principal amount or the liquidation preference thereof.

Accrual and/or capitalization 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 or 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 covenant and *provided that* the amount of any Refinancing Indebtedness in respect of any outstanding Indebtedness may (in the Issuer's sole discretion) be increased by the amount of all such accrued and/or capitalized interest, accreted value, original issue discount and/or additional Indebtedness in respect of such Indebtedness and such increased amount will not be deemed to be Indebtedness for the purpose of calculating any basket, permission or threshold under which such Refinancing Indebtedness is permitted to be Incurred.

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 this covenant the Issuer shall be in default of this covenant).

For purposes of determining compliance with any Euro-denominated restriction on the Incurrence of Indebtedness, the Euro-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on, at the Issuer's option, the relevant currency exchange rate in effect on the date such Indebtedness was first committed, first Incurred or, with respect to any Indebtedness of the Target, as of the Acquisition Closing Date, *provided that* notwithstanding anything in the Indenture, for the purpose of the Incurrence of any other Indebtedness, the Issuer may elect to account for any such Indebtedness denominated in a foreign currency at the relevant currency exchange rate in effect on the determination date for the Incurrence of such other Indebtedness, and *further provided that* if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable Euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed (x) the principal amount of such Indebtedness being refinanced *plus* (y) the aggregate amount of fees, underwriting discounts, accrued and unpaid interest, premiums (including tender premiums) penalties, interest or hedging break costs, accrued and unpaid interest and any related stamp or other taxes, notarial, registration or similar fees and other fees, costs and expenses (including original issue discount, upfront fees or similar fees) Incurred in connection with such refinancing.

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.

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 permitted such Indebtedness.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of the Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any such payment in connection with any merger or consolidation involving the Issuer or any of the Restricted Subsidiaries) except:

(i) 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;

(ii) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of the Issuer or 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); and

(iii) dividends or distributions payable to any Parent Entity to fund interest payments in respect of Indebtedness of such Parent Entity which is Guaranteed by the Issuer or any Restricted Subsidiary or is otherwise considered Indebtedness of the Issuer or any Restricted Subsidiary, *provided that*: (x) any net proceeds from such Indebtedness are contributed to the equity of the Issuer or any Restricted Subsidiary in any form or otherwise received by the Issuer or any Restricted Subsidiary; (y) any net proceeds described in the preceding subclause (x) shall be excluded for purposes of increasing the amount available for distribution pursuant to clause (b) of this first paragraph of this covenant and shall not be Excluded Contributions or Excluded Amounts; and (z) in the case that any net proceeds described in the preceding sub-clause (x) are contributed to or received by the Issuer or the Restricted Subsidiaries in the form of Indebtedness, there shall be no double-counting of interest paid on such Indebtedness and any dividends or distributions payable to the relevant Parent Entity to fund interest payments in respect of Indebtedness of such Parent Entity;

(2) purchase, repurchase, redeem, retire or otherwise acquire or retire for value any Capital Stock of the Issuer or any Parent Entity 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) or in exchange for options, warrants or other rights to purchase such Capital Stock of the Issuer;

(3) 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 (I) any such purchase, repurchase, redemption, defeasance or other acquisition or retirement in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (II) any Indebtedness Incurred pursuant to clause (3) of the second paragraph under "*—Limitation on Indebtedness*");

(4) make any payment (whether of principal, interest or other amounts) on or with respect to, or purchase, 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,

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "**Restricted Payment**"), if at the time of the Applicable Test Date:

(a) an Event of Default shall have occurred and be continuing or the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the Fixed Charge Coverage Ratio set forth in the first paragraph under the covenant described under "*Limitation on Indebtedness*" after giving effect, on a *pro forma* basis, to such Restricted Payment;

(b) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Acquisition Closing Date (and not returned or rescinded) (including Permitted Payments made pursuant to clause (1) of the second paragraph of this covenant, but excluding all other Restricted Payments permitted by the second paragraph of this covenant) would exceed the sum of (without duplication):

(i) 100% of the LTM EBITDA for the period (treated as one accounting period) from the first day of the financial quarter in which the Issue Date occurs to the Applicable Test Date, *less* the product of 1.4 times the Consolidated Interest Expense for such period; *provided* that the amount taken into account pursuant to this paragraph shall not be less than zero; *plus*

(ii) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Issuer from the issue or sale of its Subordinated Shareholder Funding or Capital Stock or as the result of a merger or consolidation with another Person subsequent to the Acquisition Closing Date or otherwise contributed to the equity (in each case other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Issuer or any Restricted Subsidiary (including the aggregate principal amount of any Indebtedness of the Issuer or any Restricted Subsidiary contributed to the Issuer or any Restricted Subsidiary for cancellation) or that becomes part of the capital of the Issuer or any Restricted Subsidiary through consolidation or merger subsequent to the Acquisition Closing Date (other than (I) Subordinated Shareholder Funding or Capital Stock sold to the Issuer or a Subsidiary of the Issuer, (II) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to (or contribution from) 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 their employees to the extent funded by the Issuer or any Restricted Subsidiary, (III) cash or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second paragraph of this covenant, (IV) Excluded Contributions, (V) Shareholder Funding and (VI) Excluded Amounts); *plus*

(iii) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than (I) Subordinated Shareholder Funding or (II) Capital Stock sold 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 their employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Acquisition Closing Date of any Indebtedness, Disqualified Stock or Designated Preferred Stock that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preferred Stock) *plus*, without duplication, the amount of any cash, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange; *plus*

(iv) 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received by the Issuer or any Restricted Subsidiary by means of: (I) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of Restricted Investments made by the Issuer or the Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Issuer or the Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Issuer or the

Restricted Subsidiaries, in each case after the Acquisition Closing Date; or (II) the sale (other than to the Issuer or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary or a dividend from a Person that is not a Restricted Subsidiary after the Acquisition Closing Date (in each case, other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under clause (17) of the second paragraph of this covenant and will increase the amount available under the applicable paragraph of the definition of "Permitted Investment" or clause (17) of the second paragraph of this covenant, as the case may be); *plus*

(v) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Issuer or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary after the Acquisition Closing Date, the fair market value of the Investment in such Unrestricted Subsidiary (or the assets transferred), as determined in good faith by the Issuer at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation or consolidation or transfer of assets (after taking into consideration any Indebtedness associated with the Unrestricted Subsidiary so designated or merged, amalgamated or consolidated or Indebtedness associated with the assets so transferred), other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under clause (17) of the second paragraph of this covenant and will increase the amount available under the applicable paragraph of the definition of "Permitted Investment" or clause (17) of the second paragraph of this covenant, as the case may be; *plus*

(vi) the greater of €23 million and 20.0% of LTM EBITDA,

provided that notwithstanding the foregoing, any amounts (such amounts, "**Excluded Amounts**") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to sub-clauses (ii) or (iii) of this clause (b) will be excluded to the extent the purpose of the receipt of such cash, property or assets or marketable securities was used to reduce the Consolidated Total Net Leverage Ratio of the Issuer and as a result thereof a Change of Control Triggering Event that would otherwise have occurred without the receipt of such cash, property or assets or marketable securities did not occur.

The foregoing provisions will not prohibit any of the following (collectively, "**Permitted Payments**"):

(1) the payment of any dividend or distribution or any purchase, redemption, defeasance, repurchase other acquisition or retirement for value, completed within 60 days after the date of declaration or notice thereof, if at the date of declaration or notice of redemption or payment such payment would have complied with the provisions of the Indenture or the redemption, repurchase or retirement of Indebtedness if, at the date of any redemption or repayment notice, such payment would have complied with the provisions of the Indenture as if it were and is deemed at such time to be a Restricted Payment at the time of such notice;

(2) any (a) prepayment, purchase, repurchase, redemption, defeasance or other acquisition, discharge or retirement of Capital Stock (including any accrued and unpaid dividends thereon) ("**Treasury Capital Stock**") or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Subordinated Shareholder Funding or Capital Stock of the Issuer (other than Disqualified Stock or Designated Preferred Stock or Excluded Amounts) ("**Refunding Capital Stock**") or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock or Excluded Amounts or through an Excluded Contribution) of the Issuer, *provided that* to the extent so applied, the Net Cash Proceeds, or fair market value of property or assets or of marketable securities, from such sale of Subordinated Shareholder Funding or Capital Stock or such contribution will be excluded from clause (b) of the first paragraph of this covenant; and (b) if immediately prior to the retirement of Treasury Capital Stock the declaration and payment of dividends thereon was permitted under clause (13) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the

proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Capital Stock of a Parent Entity) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) any prepayment, purchase, exchange, repurchase, redemption, defeasance, discharge 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 under "*—Limitation on Indebtedness*" above;

(4) any prepayment, purchase, repurchase, redemption, defeasance, discharge or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred under "*—Limitation on Indebtedness*" above;

(5) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness or Disqualified Stock or Preferred Stock of a Restricted Subsidiary:

(a) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock,*" but only if (and to the extent required) the Issuer shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and repaid the Notes tendered pursuant to any offer to repay the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock;

(b) to the extent required by the agreement governing such Subordinated Indebtedness, Disqualified Stock or Preferred Stock, following the occurrence of: (i) a Change of Control (or other similar event described therein as a "change of control"); or (ii) an Asset Disposition (or other similar event described therein as an "asset disposition" or "asset sale"), but only if (and to the extent required) the Issuer shall have first complied with the provisions of the Indenture governing mandatory prepayment on a Change of Control Triggering Event or under "*—Limitation on Sales of Assets and Subsidiary Stock,*" as applicable, prepaid all relevant amounts required to be prepaid pursuant to such mandatory prepayment provisions, or (as applicable) repaid the Notes tendered pursuant to the offer to repay the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock; or

(c) consisting of Acquired Indebtedness (other than Indebtedness Incurred: (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary; or (ii) otherwise in connection with or contemplation of such acquisition);

(6) a Restricted Payment or any payment in respect thereof to pay for the repurchase, redemption, prepayment, purchase, defeasance, cancellation, retirement or other acquisition or retirement for value of Capital Stock (including any options, warrants or other rights in respect thereof) (other than Disqualified Stock) of the Issuer or any Parent Entity held by any future, present or former employee, director or consultant of the Issuer, any of its Subsidiaries or any Parent Entity (or permitted transferees, assigns, estates, trusts or heirs of such employee, director, contractor or consultant) either pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or upon the termination of such employee, director, contractor or consultant's employment or directorship; *provided that* the aggregate Restricted Payments made under this clause (6) do not exceed: (A) the greater of (x) €9 million and (y) 8.0% of LTM EBITDA in any fiscal year (with unused amounts in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year); or (B) subsequent to the consummation of an underwritten public Equity Offering of common stock of the Issuer, any IPO Entity or any Parent Entity, the greater of (x) €17 million and (y) 15.0% of LTM EBITDA in any fiscal year (with unused amounts in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the

immediately preceding fiscal year); *provided further that* such amount in any fiscal year may be increased by an amount not to exceed: (i) the cash proceeds from the issuance or sale of Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock or Designated Preferred Stock or Excluded Contributions or Excluded Amounts) of the Issuer and, to the extent contributed to the capital of the Issuer (other than through the issuance of Disqualified Stock or Designated Preferred Stock or an Excluded Contribution or Excluded Amounts), Subordinated Shareholder Funding or Capital Stock of any Parent Entity, in each case to members of management, directors or consultants of the Issuer, any of its Subsidiaries or any Parent Entity that occurred after the Issue Date, to the extent the cash proceeds from the sale of such Capital Stock or Subordinated Shareholder Funding have not otherwise been applied to the payment of Restricted Payments by virtue of clause (b) of the first paragraph of this covenant; *plus* (ii) the cash proceeds of key man life insurance policies received by the Issuer and the Restricted Subsidiaries after the Issue Date, and *provided yet further that* (x) cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from any future, present or former members of management, directors, employees, contractors or consultants of the Issuer or Restricted Subsidiaries or any Parent Entity in connection with a repurchase of Capital Stock of the Issuer or any Parent Entity and (y) the repurchase of Capital Stock deemed to occur upon the exercise of options, warrants or similar instruments if such Capital Stock represents all or a portion of the exercise price thereof or payments, in lieu of the issuance of fractional Capital Stock or withholding to pay other taxes payable in connection therewith, in the case of each of clauses (x) and (y), will not be deemed to constitute a Restricted Payment for purposes of this paragraph or any other provision of the Indenture;

(7) the declaration and payment of dividends (A) on Disqualified Stock or Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the covenant described under "*—Limitation on Indebtedness*" after the Issue Date; (B) to any Parent Entity, the proceeds of which will be used to fund the payment of dividends on Disqualified Stock or Preferred Stock issued by such Parent Entity after the Issue Date, *provided that* the amount of dividends paid pursuant to this paragraph (B) shall not exceed the aggregate amount of cash actually contributed to the Issuer from the sale of such Disqualified Stock or Preferred Stock; or (C) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph;

(8) any (A) payments made or expected to be made by the Issuer or any Restricted Subsidiary in respect of withholding or similar taxes payable upon exercise of Capital Stock by any future, present or former employee, director, officer, contractor or consultant (or their respective Related Persons) of the Issuer or any Restricted Subsidiary or any Parent Entity and (B) purchase, repurchase, redemption, defeasance or other acquisition or retirements of Capital Stock deemed to occur upon the exercise, conversion or exchange of options, warrants or similar instruments if such Capital Stock represents all or a portion of the exercise price thereof or payments, in lieu of the issuance of fractional Capital Stock or withholding to pay other taxes payable in connection therewith;

(9) dividends, loans, advances or distributions to any Parent Entity or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication): (A) the amounts required for any Parent Entity to pay any Parent Entity Expenses or any Related Taxes (including, for the avoidance of doubt, any Permitted Tax Distribution); (B) amounts constituting or to be used for purposes of making payments to the extent specified in clauses (2), (3), (5), (11), (12), (13) and (only in respect of the parenthetical thereto) (17)(A) of the second paragraph of the covenant described under "*—Limitation on Affiliate Transactions*" *provided that* any such dividends, loans, advances or distributions to make payments in respect of annual management fees specified in clause (11)(A) of the second paragraph under "*—Limitation on Affiliate Transactions*" and made pursuant to this paragraph (B) shall not exceed an aggregate amount equal to the greater of (x) €7 million and (y) 6.0% of LTM EBITDA per fiscal year (with unused amounts in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year); and (C) up to the greater of (x) €9 million and (y) 7.5% of LTM EBITDA per fiscal year (with unused amounts in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year);

(10) the declaration or payment of dividends or distributions, or the making of any cash payments, advances, loans or expense reimbursements on the Capital Stock, common stock or common equity

interests of the Issuer, any Parent Entity or any IPO Entity following a Public Offering of such Capital Stock, common stock or common equity interests; *provided that* the aggregate amount of all such dividends or distributions shall not exceed in any fiscal year the greater of: (A) 6.0% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offering by the Issuer or contributed to the capital of the Issuer by any Parent Entity in any form other than Indebtedness or Excluded Contributions or Excluded Amounts (including, in each case, in connection with the acquisition, purchase, merger or combination of the Issuer or any Parent Entity by or with a publicly traded special purchase acquisition company or targeted acquisition company or any entity similar to the foregoing); and (B) following an Initial Public Offering, an amount equal to the greater of 7.0% of the Market Capitalization and 7.0% of the IPO Market Capitalization;

(11) payments by the Issuer, or loans, advances, dividends or distributions to any Parent Entity to make payments, to holders of Capital Stock of the Issuer or any Parent Entity in lieu of the issuance of fractional shares of such Capital Stock, *provided that* any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Issuer);

(12) Restricted Payments that are made (A) in an amount that does not exceed the aggregate amount of Excluded Contributions received following the Issue Date or (B) without duplication with the immediately preceding subparagraph (A) and without double counting any such cash proceeds that otherwise increase amounts available under clause (b) of the first paragraph of this covenant, in an amount not to exceed the cash proceeds from a sale, conveyance, transfer or other disposition in respect of property or assets acquired after the Acquisition Closing Date, if the acquisition of such property or assets was financed with Excluded Contributions;

(13) the declaration and payment of dividends (A) on Designated Preferred Stock of the Issuer issued after the Issue Date; (B) to a Parent Entity in an amount sufficient to allow the Parent Entity to pay dividends to holders of its Designated Preferred Stock issued after the Issue Date; and (C) on Refunding Capital Stock that is Preferred Stock; *provided that* in the case of sub-clauses (A) and (B) of this clause (13), the amount of all dividends declared or paid to a Person pursuant to such paragraphs shall not exceed the cash proceeds received by the Issuer or the aggregate amount contributed as Subordinated Shareholder Funding or in cash to the equity of the Issuer (other than through the issuance of Disqualified Stock or an Excluded Contribution of the Issuer or Excluded Amounts), from the issuance or sale of such Designated Preferred Stock;

(14) distributions, by dividend or otherwise, or other transfer or disposition of shares of Capital Stock, of equity interests and participation interests in, or other securities of, or Indebtedness (including convertible debt) owed to the Issuer or any Restricted Subsidiary by, Unrestricted Subsidiaries (other than Unrestricted Subsidiaries, substantially all the assets of which are cash and Cash Equivalents Investments) or proceeds thereof;

(15) distributions or payments of Securitization Fees, sales contributions and other transfers of Securitization Assets or Receivables Assets and purchases of Securitization Assets or Receivables Assets pursuant to a Securitization Repurchase Obligation, in each case in connection with a Qualified Securitization Financing or Receivables Facility;

(16) any Restricted Payment made in connection with the Transactions and any costs and expenses (including all legal, accounting and other professional fees and expenses) related thereto or used to fund amounts owed to Affiliates in connection with the Transactions (including dividends to any Parent Entity to permit payment by such Parent Entity of such amounts);

(17) so long as no Event of Default has occurred and is continuing at the Applicable Test Date: (A) any Restricted Payments (including Restricted Investments, loans or advances) in an aggregate amount outstanding at the time made not to exceed the greater of (x) €35 million and (y) 30.0% of LTM EBITDA at such time; and (B) any Restricted Payments, so long as, at the Applicable Test Date immediately after giving *pro forma* effect to the payment of any such Restricted Payment and the Incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Senior Secured Net Leverage Ratio shall be no greater than 2.15:1.00;

(18) mandatory redemptions of Disqualified Stock issued as a Restricted Payment or as consideration for a Permitted Investment;

(19) the redemption, defeasance, repurchase, exchange or other acquisition or retirement of Subordinated Indebtedness of the Issuer or any Restricted Subsidiary (excluding, for the avoidance of doubt, Subordinated Shareholder Funding): (A) in an aggregate amount outstanding at the time made not to exceed the greater of (x) €23 million and (y) 20.0% of LTM EBITDA at such time; or (B) such that at the Applicable Test Date, immediately after giving *pro forma* effect to the payment of any such Restricted Payment and the redemption, defeasance, repurchase, exchange or other acquisition or retirement of any such indebtedness, the Consolidated Senior Secured Net Leverage Ratio shall be no greater than 2.4:1.00;

(20) payments or distributions to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries, taken as a whole, that complies with the covenants described under "*Merger and Consolidation*";

(21) Restricted Payments to a Parent Entity to finance Investments that would otherwise be permitted to be made pursuant to this covenant if made by the Issuer, *provided that*: (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment; (B) such Parent Entity shall, promptly following the closing thereof, cause: (i) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Issuer or one of the Restricted Subsidiaries; or (ii) the merger or amalgamation of the Person formed or acquired into the Issuer or one of the Restricted Subsidiaries (to the extent not prohibited by the covenants described under "*Merger and Consolidation*") to consummate such Investment; (C) such Parent Entity and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture; (D) any property received by the Issuer shall not increase amounts available for Restricted Payments pursuant to clause (b) of the first paragraph of this covenant and clauses (2) or (6) of this paragraph or be deemed to be an Excluded Contribution or an Excluded Amount; (E) such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to another provision of this covenant (other than pursuant to clause (12) of this paragraph) or pursuant to the definition of "Permitted Investment" (other than pursuant to clause (l) thereof);

(22) any dividends, repayments of equity, reductions of capital, loans or any other distribution by the Issuer or any Restricted Subsidiary to any other Issuer or Parent Entity that is a member of the same fiscal unity for corporate income tax, trade tax, value added tax or other taxes or similar purposes, profit and loss pooling, cash pooling, tax sharing or other similar arrangements including any payments under any such arrangement required to be made by any Parent Entity to cover Taxes on a consolidated basis on behalf of the Group;

(23) any Restricted Payment to pay interest on or with respect to Indebtedness incurred by a Parent Entity to the extent that a Guarantee of such Indebtedness has been provided by the Issuer or a Restricted Subsidiary and is not prohibited by the covenant described under "—*Limitation on Indebtedness*" or such Indebtedness is otherwise considered Indebtedness of the Issuer or any restricted Subsidiary, *provided that* any proceeds from such Indebtedness are contributed to the equity of the Issuer or its Restricted Subsidiary in any form or otherwise received by the Issuer or its Restricted Subsidiary; and

(24) any Restricted Payment to repay any equity injected into the Group on or around the Acquisition Closing Date in any amounts equal to any post-closing purchase price adjustment payment received by the Group.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment or Investment (or, in each case, portion thereof) (i) meets the criteria of more than one of the categories of Permitted Payments described in the preceding paragraph and/or (ii) is permitted pursuant to the first paragraph of this covenant and/or (iii) constitutes a Permitted Investment, the Issuer will be entitled to classify such Restricted Payment or Investment (or, in each case, 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, in each case, portion thereof) in any manner that complies with this covenant, including in each case as an Investment pursuant to one or more of the paragraphs of the definition of "Permitted Investment" and may aggregate capacity in multiple paragraphs of the definition of "Permitted Payments" above, the first paragraph of this covenant and/or in the definition of "Permitted Investment" in any manner that complies with this covenant. With respect to the making of any distribution or other payment contemplated in this covenant including any Restricted Payment and any Investment, compliances with any condition of this covenant shall be determined (at the election of the Issuer) (i) on the date on which such distribution or payment is paid (ii) the date on which such distribution or payment is declared or committed to be paid (conditionally or otherwise); (iii) as otherwise set out in this covenant (and, in each case, the Issuer may revoke such determination and elect another determination date as contemplated above) and/or (iv) the Applicable Test Date.

The amount of all Restricted Payments (other than cash) shall be the fair market value 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, property or assets other than cash shall be determined conclusively by the Issuer acting in good faith.

Notwithstanding anything else set forth in this covenant or in the definition of Permitted Investment, no Restricted Payment or Investment in an Unrestricted Subsidiary of Material Intellectual Property (or designation of any Restricted Subsidiary holding such Material Intellectual Property as an Unrestricted Subsidiary) will be permitted under the Indenture.

Unrestricted Subsidiaries may use value transferred from the Issuer and the Restricted Subsidiaries in a Permitted Investment or a Restricted Investment not prohibited under this covenant to purchase or otherwise acquire Indebtedness or Capital Stock of the Issuer, any Parent Entity or any of the Issuer's Restricted Subsidiaries, and to transfer value to the holders of the Capital Stock or any Parent Entity and to Affiliates thereof, and such purchase, acquisition, or transfer will not be deemed to be a "direct or indirect" action by the Issuer or the Restricted Subsidiaries.

Limitation on Liens

The Issuer will not, and the Issuer will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Issuer), 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 (i) in the case of any property or asset that does not constitute Collateral (A) Permitted Liens; or (B) Liens on property or assets that are not Permitted Liens if obligations under the Indenture are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured; and (ii) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any Lien created in favor of the obligations under the Indenture pursuant to sub-clause (i)(B) 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 in the Indenture, the Intercreditor Agreement and/or under the relevant Security Document.

The Indenture will provide that the Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien securing Indebtedness for borrowed money on its Material Intellectual Property (such Lien, the "**Initial Intellectual Property Lien**"), except (i) Liens on Material Intellectual Property described in one or more of clauses (b), (c), (d), (e), (g), (k) (to the extent not securing Indebtedness for borrowed money), (o), (q), (r), (y), (z), (bb), (hh), (qq), (rr) and (ss) of the definition of "Permitted Liens," (ii) Liens on Material Intellectual Property described in clause (k) of the definition of Permitted Liens securing Indebtedness for borrowed money that will be repaid and discharged in connection with the Transactions and (iii) Liens on Material Intellectual Property that are not otherwise permitted under this covenant if the Notes and the Indenture (or a Guarantee of the Notes in the case of Liens of a Guarantor) are directly secured equally and ratably with the Indebtedness for borrowed money secured by such Initial Intellectual Property Lien for so long as such Indebtedness is so secured (clauses (i), (ii) and (ii), together, "**Permitted Intellectual Property Liens**").

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "**Increased Amount**" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;

(2) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility), (b) the Intercreditor Agreement and any Additional Intercreditor Agreement, (c) with respect to the Issuer, any other agreement or instrument, in each case, in effect at or entered into on the Issue Date and (d) with respect to the Target (and any Subsidiary thereof) any other agreement or instrument, in each case, in effect at or entered into on the Acquisition Closing Date;

(2) any encumbrance or restriction pursuant to the Indenture, the Notes, the Guarantees, the Security Documents and the Escrow Charge;

(3) any encumbrance or restriction pursuant to applicable law, rule, regulation or order;

(4) 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 or entered into in contemplation of or in connection with such transaction) and outstanding on such date; *provided that*, for the purposes of this clause, if another Person is the Successor Company (as defined below), 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;

(5) any encumbrance, restriction or condition: (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 agreement, or the assignment or transfer of any lease, license or other contract or agreement; (B) contained in mortgages, pledges, charges 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 or encumbrance of the property or assets subject to such mortgages, pledges, charges or other security agreements; (C) contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Issuer or any of the Restricted Subsidiaries is a party entered into in the ordinary course of business or consistent with past practice; *provided that* such agreement prohibits the encumbrance of solely the property or assets of the Issuer or such Restricted Subsidiary that are the subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Issuer or such Restricted Subsidiary or the assets or

property of another Restricted Subsidiary; or (D) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(6) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired;

(7) any encumbrance or restriction 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 the Issuer or any Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(8) customary provisions in leases, licenses, shareholder agreements, joint venture agreements and other similar agreements, organizational documents and instruments;

(9) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation, licensing requirement or order, or required by any regulatory authority;

(10) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business or consistent with past practice;

(11) any encumbrance or restriction pursuant to Hedging Obligations;

(12) restrictions created in connection with any Qualified Securitization Financing or Receivables Facility;

(13) 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 covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders (taken as a whole) than (i) the encumbrances and restrictions contained in (A) the Revolving Credit Facility, the Indenture, together with the Security Documents associated therewith or the Escrow Agreement, and (B) the Intercreditor Agreement, in each case, as in effect on the Issue Date (or, with respect to the Security Documents, the Acquisition Closing Date) or (ii) as is customary in comparable financings (as determined in good faith by the Issuer) and where, in the case of this sub-clause (ii), either (x) the Issuer determines at the time of entry into such agreement or instrument 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 (y) such encumbrance or restriction applies only during the continuance of a default relating to such agreement or instrument, or (b) constituting an Additional Intercreditor Agreement;

(14) any encumbrance or restriction existing by reason of any lien permitted under the covenant described under "*—Limitation on Liens*;" or

(15) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clauses (1) to (14) of this paragraph or this clause (15) (an "**Initial Agreement**") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) to (14) of this paragraph or this clause (15); *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 Issuer).

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any of the Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Issuer, of the

shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), with a purchase price in excess of the greater of (x) €23 million and (y) 20.0% of LTM EBITDA, at least 75% of the consideration from such Asset Disposition (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalent Investments or Temporary Cash Investments; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied:

(a) to the extent the Issuer or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness) to prepay, repay or purchase any Permitted Indebtedness (in each case, other than Indebtedness owed to the Issuer or any Restricted Subsidiary) or any Senior Secured Indebtedness, any Refinancing Indebtedness, or any other Indebtedness under any Credit Facility Incurred pursuant to clause (1)(A) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" or any Indebtedness secured by a Lien on property or assets of the Issuer or any Restricted Subsidiary (other than Permitted Collateral Liens) within 365 days from the later of (1) the date of such Asset Disposition and (2) the receipt of such Net Available Cash, *provided that*, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be reduced in an amount equal to the principal amount so prepaid, repaid or purchased, *provided further that* to the extent the Issuer or any Restricted Subsidiary has elected to prepay, repay or purchase any amount of Senior Secured Indebtedness at a price not less than par and has extended such offer to the Holders of the Notes on at least a *pro rata* basis, to the extent the creditors in respect of such Senior Secured Indebtedness (including any Holders of Notes) elect not to tender their Senior Secured Indebtedness for such prepayment, repayment or purchase, the Issuer will be deemed to have applied an amount of Net Available Cash equal to such amount not tendered under this clause (a), and such amount shall not increase the amount of Excess Proceeds; or

(b) to the extent the Issuer or any Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary equal to the amount of Net Available Cash received by the Issuer or another Restricted Subsidiary) within 365 days from the later of (1) the date of such Asset Disposition and (2) the receipt of such Net Available Cash, *provided that* a binding agreement or commitment shall be treated as a permitted application of Net Available Cash from the date of such commitment with the good faith expectation that an amount equal to Net Available Cash will be applied to satisfy such commitment within 180 days of such commitment (an "**Acceptable Commitment**") or, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Available Cash are applied in connection therewith, the Issuer or such Restricted Subsidiary enters into another Acceptable Commitment (a "**Second Commitment**") within 180 days of such cancellation or termination; *provided further that* if any Second Commitment is later cancelled or terminated for any reason before such amount is applied, then such Net Available Cash shall constitute Excess Proceeds,

provided that (i) pending the final application of the amount of any such Net Available Cash in accordance with paragraphs (a) or (b) above, the Issuer and the Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise use such Net Available Cash in any manner not prohibited by the Indenture; (ii) the Issuer or any Restricted Subsidiary may elect to invest in Additional Assets prior to receiving the Net Available Cash attributable to any given Asset Disposition (*provided that* such investment shall be made no earlier than the earliest of execution of a definitive agreement for the relevant Asset Disposition or consummation of the relevant Asset Disposition) and deem the amount so invested to be applied pursuant to and in accordance with paragraph (b) above with respect to such Asset Disposition; and (iii) notwithstanding any term of this paragraph, to the extent that (I) a distribution of any or all of the Net Available Cash of any Asset Disposition by a Subsidiary to the Issuer or another Restricted Subsidiary (to the extent necessary to comply with this covenant) is prohibited or delayed by applicable local law (including financial assistance and corporate benefit restrictions and fiduciary and statutory duties of the relevant directors, AIFMD and any other law or by any organizational documents or any agreement) or (II) a distribution of any or all of the Net Available Cash of any Asset Disposition by a Subsidiary to the Issuer or another Restricted Subsidiary (to the extent necessary to comply with this covenant) could result in material adverse Tax consequences, as determined by the Issuer in its sole discretion, the portion of such Net Available Cash so affected will not be required to be applied in compliance with this paragraph.

The amount of any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph will be deemed to constitute "*Excess Proceeds*" under the Indenture.

On the 366th day (or such longer period permitted by the first paragraph of this covenant or such later date as set forth in clause (3)(b) of the first paragraph of this covenant, or such earlier date as the Issuer or any Restricted Subsidiaries may elect) after the later of an Asset Disposition or the receipt of such Net Available Cash, if the aggregate amount of Excess Proceeds under the Indenture exceeds the greater of €23 million and 20% of LTM EBITDA in a single transaction, the Issuer will within ten Business Days be required to make an offer ("**Asset Disposition Offer**") to all Holders under the Indenture and, to the extent the Issuer elects, to all holders of any other outstanding Pari Passu Indebtedness, to, respectively: (i) repay the Notes (and only to the extent any Notes are outstanding) at par; and (ii) repay, prepay or purchase the maximum aggregate principal amount of such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be repaid, prepaid or purchased out of the Excess Proceeds, at an offer price of no more than 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of repayment, prepayment or purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, and with respect to the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Issuer will deliver notice of such Asset Disposition Offer electronically or by first-class mail, with a copy to the Trustee, the Paying Agent and each Holder at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear and Clearstream, describing the transaction or transactions that constitute the Asset Disposition and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice. The Issuer may satisfy the foregoing obligations with respect to any Net Available Cash from an Asset Disposition by making an Asset Disposition Offer with respect to all Net Available Cash prior to the expiration of the relevant 365 days (or such longer period as provided above) or with respect to any unapplied Excess Proceeds.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer and the Restricted Subsidiaries may use any remaining Excess Proceeds for any purpose not prohibited by the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Issuer shall allocate the Excess Proceeds among the Notes and Pari Passu Indebtedness to be repaid, prepaid or purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness *provided that* the Issuer shall not be required to select and purchase Notes or other Pari Passu Indebtedness in an unauthorized denomination. Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero. Additionally, the Issuer may, at its option, make an Asset Disposition Offer using proceeds from any Asset Disposition at any time after the consummation of such Asset Disposition. Upon consummation or expiration of any Asset Disposition Offer, any remaining Net Available Cash shall not be deemed Excess Proceeds and the Issuer or any Restricted Subsidiary may use such Net Available Cash for any purpose not prohibited by the Indenture.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than Euro, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in Euro that is actually received by the Issuer upon converting such portion into Euros.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness or other liabilities, contingent or otherwise, of the Issuer or a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness or other liability in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from the transferee that are converted (or reasonably expected to be converted) by the Issuer or such

Restricted Subsidiary into cash or Cash Equivalent Investments within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Issuer (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant during the same fiscal year, not to exceed the greater of (x) €23 million and (y) 20.0% of LTM EBITDA (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value) (with unused amounts in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year);

(6) consideration consisting of Additional Assets; and

(7) any combination of the consideration specified in paragraphs (1) to (6) above.

To the extent that the provisions of any securities laws or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws, rules and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

Notwithstanding any other provision in the Indenture to the contrary, the provisions of the Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of an Asset Disposition may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

Future credit agreements or other agreements to which the Issuer becomes a party may prohibit or limit, the Issuer from purchasing any Notes pursuant to this covenant. In the event the Issuer is prohibited from purchasing the Notes, the Issuer could seek the consent of its lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings, it will remain prohibited from purchasing the Notes under such instruments.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any Restricted Subsidiary to 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 (x) €12 million and (y) 10.0% of LTM EBITDA unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of (x) €17 million and (y) 15.0% of LTM EBITDA, the terms of such Affiliate Transaction have been approved by a majority of the members of the Board of Directors of the Issuer, *provided that* any Affiliate Transaction shall also be deemed to have satisfied the requirements set forth in this clause (2) if such Affiliate Transaction is approved by a majority of the Disinterested Directors of the Issuer, if any.

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*" above or any Permitted Investment;

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or

entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans, transaction bonuses or transaction related securities repurchase 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: (A) transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries; and (B) merger, amalgamation or consolidation with any Parent Entity, *provided that* such Parent Entity shall have no material liabilities and no material assets other than cash, Cash Equivalent Investments and the Capital Stock of the Issuer and such merger, amalgamation or consolidation is otherwise permitted under the Indenture;

(5) the payment of compensation, 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, contractors, consultants, distributors or employees of the Issuer, any Parent Entity or any Restricted Subsidiary (whether directly or indirectly and including through any Controlled Investment Affiliate of such directors, officers, contractors, consultants, distributors or employees);

(6) the entry into and performance of obligations of the Issuer or any of the Restricted Subsidiaries under the terms of the Acquisition Agreement or any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date or the Acquisition Closing Date (as applicable), 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 (taken as a whole) in any material respect;

(7) any transaction effected as part of a Qualified Securitization Financing or Receivables Facility, any disposition or repurchase of Securitization Assets, Receivables Assets or related assets in connection with any Qualified Securitization Financing or Receivables Facility;

(8) transactions with customers, clients, joint venture partners, suppliers, contractors, distributors or purchasers or sellers of goods or services, 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 of the Issuer or the senior management of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity which would constitute an Affiliate Transaction solely: (A) 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; or (B) due to the fact that a director of such Person is also a director of the Issuer or any direct or indirect Parent Entity of the Issuer (*provided that* such director abstains from voting as a director of the Issuer or such direct or indirect Parent Entity of the Issuer, as the case may be, on any matter involving such other Person);

(10) any: (A) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding and the granting of registration and other customary rights (and the performance of the related obligations) in connection therewith or any contribution to capital of the Issuer or any Restricted Subsidiary; and (B) amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable, *provided that*

such Subordinated Shareholder Funding, as amended or otherwise modified, will continue to satisfy the requirements described in the definition of Subordinated Shareholder Funding;

(11) any: (A) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly), including to its affiliates or its designees, of annual management, consulting, monitoring, refinancing, transaction, subsequent transaction exit fees, advisory fees and related costs and reasonable expenses and indemnities in connection therewith and any termination fees (including any such cash lump sum or present value fee upon the consummation of a corporate event, including an Initial Public Offering); and (B) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Entity) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital markets transactions, acquisitions or divestitures, which payments, agreement or arrangements providing for such payments are in the case of each of sub-clauses (A) and (B) of this clause (11) approved by a majority of the Board of Directors of the Issuer in good faith;

(12) payment to any Permitted Holder of all out-of-pocket expenses incurred by such Permitted Holder in connection with its direct or indirect investment in the Issuer and its Subsidiaries;

(13) the Transactions and the payment of all costs and expenses (including all legal, accounting and other professional fees and expenses) related to the Transactions or any Permitted Acquisition;

(14) transactions in which the Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating either (x) that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or (y) that such transaction meets the requirements of clause (1) of the first paragraph;

(15) the existence of, or the performance by the Issuer or any Restricted Subsidiary of its obligations under the terms of, any equityholders agreement (including any registration rights agreement or purchase agreements related thereto) to which it is party as of the Issue Date and any similar agreement that it may enter into thereafter; *provided that* the existence of, or the performance by the Issuer or any Restricted Subsidiary of its obligations under any future amendment to the equityholders' agreement or under any similar agreement entered into after the Issue Date will only be permitted under this paragraph to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous to the Holders of the Notes (taken as a whole) in any material respect as determined in good faith by the Issuer;

(16) any purchases by the Issuer's Affiliates of Indebtedness or Disqualified Stock of the Issuer or any of the Restricted Subsidiaries the majority of which Indebtedness or Disqualified Stock is purchased by Persons who are not the Issuer's Affiliates; *provided that* such purchases by the Issuer's Affiliates are on the same terms as such purchases by such Persons who are not the Issuer's Affiliates;

(17) any: (A) Investments by Affiliates in securities of the Issuer or any of the Restricted Subsidiaries (and payment of reasonable out-of-pocket expenses Incurred by such Affiliates in connection therewith) so long as the Investment is being offered by the Issuer or such Restricted Subsidiary generally to other non-affiliated third party investors on the same or more favorable terms; and (B) payments to Affiliates in respect of securities of the Issuer or any of the Restricted Subsidiaries contemplated in sub-clause (A) or that were acquired from Persons other than the Issuer and the Restricted Subsidiaries, in each case, in accordance with the terms of such securities;

(18) the execution, delivery and performance of payments by any Parent Entity, the Issuer and/or the Restricted Subsidiaries pursuant to any tax sharing agreements or other equity agreements in respect of Related Taxes among any such Parent Entity, the Issuer and/or the Restricted Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Issuer and its Subsidiaries;

(19) payments, Indebtedness and Disqualified Stock (and cancellation of any thereof) of the Issuer and the Restricted Subsidiaries and Preferred Stock (and cancellation of any thereof) of any Restricted Subsidiary to any future, current or former employee, director, officer, contractor or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any of its Subsidiaries or any of its Parent Entities pursuant to any management equity plan or stock

option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement; and any employment agreements, stock option plans and other compensatory arrangements (and any successor plans thereto) and any supplemental executive retirement benefit plans or arrangements with any such employees, directors, officers, contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) that are, in each case, approved by the Issuer in good faith;

(20) employment and severance arrangements between the Issuer or the Restricted Subsidiaries and their respective officers, directors, contractors, consultants, distributors and employees in the ordinary course of business or entered into in connection with or as a result of the Transactions;

(21) any transition services arrangement, supply arrangement or similar arrangement entered into in connection with or in contemplation of the disposition of assets or Capital Stock in any Restricted Subsidiary permitted under "—*Limitation on Sales of Assets and Subsidiary Stock*" above or entered into with any Business Successor, in each case, that the Issuer determines in good faith is either fair to the Issuer or otherwise on customary terms for such type of arrangements in connection with similar transactions;

(22) transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary pursuant to "—*Designation of Restricted and Unrestricted Subsidiaries*" and pledges of Capital Stock of (and loans owing to the Group by) Unrestricted Subsidiaries;

(23) any lease entered into between the Issuer or any Restricted Subsidiary, as lessee, and any Affiliate of the Issuer that is not a Restricted Subsidiary, as lessor, which is approved by a majority of the members of the Board of Directors of the Issuer;

(24) intellectual property licenses in the ordinary course of business or consistent with past practice;

(25) payments to or from, and transactions with, any joint venture or Unrestricted Subsidiary, including the entry into, and performance of obligations and related services under, any management services agreement or any licensing agreement with regards to any existing or future joint venture, in the ordinary course of business or consistent with past practice (including any cash management activities related thereto);

(26) any participation in a public tender or exchange offer for securities or debt instruments issued by the Issuer or any of its Restricted Subsidiaries that provides for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer;

(27) the entry into, and performance of obligations and related services under, any registration rights or other listing agreement;

(28) the payment of costs and expenses related to registration rights and customary indemnities provided to shareholders under any shareholder agreement;

(29) any Permitted Tax Restructuring; and

(30) transactions related to a Change of Control or a Permitted Change of Control, including the payment of all reasonable fees, costs and expenses incurred or payable by the Issuer (or any direct or indirect parent of the Issuer) or any of its Restricted Subsidiaries in connection with such Change of Control or Permitted Change of Control and the issuance of Capital Stock or Subordinated Shareholder Funding to the management of the Issuer or any of its Restricted Subsidiaries in connection with a Change of Control or Permitted Change of Control.

Designation of Restricted and Unrestricted Subsidiaries

The Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary and any Unrestricted Subsidiary to be a Restricted Subsidiary, in each case, if that designation would not cause a Default.

If a Restricted Subsidiary is designated as an Unrestricted Subsidiary: (i) the aggregate fair market value of all outstanding Investments owned by the Issuer and the Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments pursuant to the covenant described under "*—Limitation on Restricted Payments*" above or under one or more paragraphs of the definition of Permitted Payments or Permitted Investments, as determined by the Issuer; (ii) that designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary; and (iii) that designation must be evidenced to the Trustee by filing with the Trustee an Officer's Certificate certifying that such designation complies the preceding paragraph and this paragraph and was permitted by the covenant described under "*—Limitation on Restricted Payments*."

If, at any time, any Unrestricted Subsidiary would fail to meet the requirements set out in the preceding paragraph as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will 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 "*—Limitation on Indebtedness*," the Issuer will be in default of such covenant.

If an Unrestricted Subsidiary is designated as a Restricted Subsidiary, that designation (i) will be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary; (ii) will only be permitted if (A) the Indebtedness described in sub-clause (i) is permitted under the covenant described under "*—Limitation on Indebtedness*" (including pursuant to clause (5) of the second paragraph thereof, treating such designation as an acquisition for the purpose of such clause), calculated on a *pro forma* basis as if such designation had occurred at the Applicable Test Date; and (B) no Event of Default would be in existence immediately following such designation; and (iii) must be evidenced to the Trustee on the date of such designation, by filing with the Trustee an Officer's Certificate certifying that such designation complies with this paragraph.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports following the Issue Date:

(1) within 120 days (or, in the case of the fiscal year ending March 31, 2022, 150 days) after the end of each subsequent fiscal year of the Issuer, beginning with the fiscal year ending March 31, 2022, annual reports (the "**Annual Financial Statements**") containing: (i) the audited consolidated balance sheet of the Issuer as at the end of the most recent two fiscal years 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; (ii) an operating and financial review of the audited financial statements, including a discussion of the consolidated financial condition, results of operations, EBITDA and material changes in liquidity and capital resources of the Issuer; (iii) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; and (iv) a brief description of the business, management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; *provided that* the information described in clause (iv) may be provided in the footnotes to the audited financial statements;

(2) within 60 days (or, in the case of the fiscal quarter ending September 30, 2021, 90 days) following the end of each of the first three fiscal quarters in each fiscal year of the Issuer beginning with the fiscal quarter ending September 30, 2021, quarterly year-to-date financial statements (the "**Quarterly Financial Statements**") containing the following information: (i) the Issuer's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; *provided that* such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the

Issuer will provide, in the case of a material acquisition, acquired company financials; and (iii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, EBITDA and material changes in liquidity and capital resources of the Issuer; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a change in a senior executive officer of the Issuer or the Target or a change in auditors of the Issuer or the Target, 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.

All financial statement information (excluding, for the avoidance of doubt, all calculations made under any incurrence covenant, which shall be prepared in accordance with the terms of the Indenture) shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

With respect to periods commencing prior to the Acquisition Closing Date, to the extent comparable prior period financial information of the Issuer does not exist, the comparable prior period financial information of the Target may be provided in lieu thereof. For purposes of this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Issuer's LTM EBITDA (calculated (i) in the case of an acquisition, including any *pro forma* adjustments in respect of such acquisition and (ii) in the case of a disposal, excluding any *pro forma* adjustments in respect of such disposal) for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the Annual Financial Statements and Quarterly Financial Statements will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d).All reports provided pursuant to this "*Reports*" covenant shall be in English, or with a certified English translation.

Subject to compliance with the next succeeding paragraph, in the event that, and for so long as, the equity securities of the Issuer or any Parent Entity or IPO Entity are listed on the Main Market of the London Stock Exchange (or one or more of the equivalent regulated markets of Euronext, the Frankfurt Stock Exchange, the Stockholm Stock Exchange, the Italian Stock Exchange, the Irish Stock Exchange, the Luxembourg Stock Exchange, the Swiss Stock Exchange, the New York Stock Exchange, any recognized investment exchange (as that term is used in the Financial Services and Markets Act 2000) or any other exchange or market in any jurisdiction or country) (each a "**Regulated Market**") and the Issuer or such Parent Entity or IPO Entity is subject to the admission and disclosure standards applicable to issuers of equity securities admitted to trading on a Regulated Market, for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer, such Parent Entity or such IPO Entity is, or would be, required to file with the applicable Regulated Market pursuant to such admission and disclosure standards. Upon complying with the foregoing requirements, and *provided that* such requirements require the Issuer any Parent Entity or IPO Entity to prepare and file annual reports, information, documents and other reports with the applicable Regulated Market, 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 delivering the corresponding consolidated audited annual, quarterly and material event reports of (i) any direct or indirect Parent Entity or (ii) the Target. To the extent that material differences exist between the management, business, assets, shareholding or results of operations or financial condition of the -Issuer or (i) any direct or indirect Parent Entity or (ii) the Target, as the case may be, that is the reporting entity (if applicable), the annual, quarterly and material event reports shall include an explanation and an unaudited reconciliation of such material differences.

Delivery of information, documents and reports to the Trustee is for informational purposes only. The Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein, including the Issuer's compliance with any of its covenants under the Indenture or documents related therein.

Impairment of Security Interest

The Issuer will not, and will procure that no Restricted Subsidiary will, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee, the Security Agent and the Holders, and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee, the Security Agent and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) the Issuer and the Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise confirm, modify or replace any Security Documents for the purposes of Incurring Permitted Collateral Liens or Permitted Intellectual Property Liens, (ii) the Issuer, its Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of undertaking a Permitted Reorganization, the Post-Completion Merger or a transaction not prohibited by the covenant set forth under "*Merger and Consolidation*", (iii) the Collateral may be discharged and released or released and retaken in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) the applicable Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released and retaken, from time to time to (I) cure any ambiguity, mistake, omission, defect, error or inconsistency therein, (II) to comply with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, (III) to add Collateral, (IV) to evidence the succession of another Person to the Issuer or any Guarantor and the assumption by such successor of the obligations under the Indenture, the Notes, the Intercreditor Agreement and the Security Documents, in each case, including in accordance with *"—Certain covenants—Merger and consolidation*," (V) to evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent, or (VI) to effect any Permitted Reorganizations or the Post-Completion Merger and (v) the Issuer and the Restricted Subsidiaries may amend, the Security Interests in any manner that does not adversely affect Holders in any material respect; *provided, however*, that in the case of clause (v) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee and the Security Agent, either (1) a solvency opinion, in a form reasonably satisfactory to the Trustee and the Security Agent from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from an Officer of the Issuer or the Board of Directors of the relevant Person, in form and substance reasonably satisfactory to the Trustee, 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 a form reasonably satisfactory to the Trustee and the Security Agent, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, released, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement. In the event that the Issuer or any Restricted Subsidiary complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to any amendment, extension, renewal, restatement, supplement, release or other modification or replacement requested in accordance with this covenant without the need for instructions from any Holder.

Future Guarantees

No Restricted Subsidiary shall guarantee the Indebtedness outstanding under the Revolving Credit Facility, any Credit Facility or any Public Debt, in each case of the Issuer or a Guarantor, unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee of such other Indebtedness is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture substantially in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee, which Guarantee will be senior to or *pari passu* with, as applicable, such Restricted Subsidiary's Guarantee of such other Indebtedness; *provided, however*, that such Restricted Subsidiary shall not be obligated to become a Guarantor to the extent and for so long as the Incurrence of such Guarantee is contrary to the Agreed Security Principles or could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses. At the option of the Issuer, any Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Guarantees granted pursuant to this provision shall be released as set forth under "*Guarantees—Guarantee Release*." The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, reasonably requested by, and at the cost of, the Issuer to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*."

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or any of its Restricted Subsidiaries of (i) any Indebtedness secured on Collateral or as otherwise required herein; and (ii) any Refinancing Indebtedness in respect of Indebtedness referred to in paragraph (i) above, 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 (taken as a whole)), including substantially the same terms with respect to release of Guarantees and priority and release of the Security Interests, *provided that* (A) such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or 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, any Additional Intercreditor Agreement or the Intercreditor Agreement; and (B) if more than one such intercreditor agreement is outstanding at any time, the correlative terms of such intercreditor agreements must not conflict.

The Indenture will also 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 the Intercreditor Agreement or any Additional Intercreditor Agreement to: (i) cure any ambiguity, omission, defect, manifest error or inconsistency of any such agreement; (ii) 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); (iii) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement; (iv) further secure the Notes (including Additional Notes); (v) make provision for equal and ratable pledges of the Collateral to secure Additional Notes; (vi) facilitate a Permitted Reorganization or Permitted Transaction; (vii) implement any Permitted Collateral Liens; (viii) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof; or (ix) make any other change to any such agreement that does not adversely affect the Holders (taken as a whole) in any material respect, making all necessary provisions to ensure that the Notes are secured by first-ranking Liens over the Collateral. In formulating its decisions on such matters, the Trustee and the Security Agent, if applicable, shall be entitled to require and rely absolutely on such evidence as it deems appropriate, including an Officer's Certificate and an Opinions of Counsel.

The Indenture will provide that the Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement or Additional Intercreditor Agreement, other than (i) in accordance with the preceding paragraph; or (ii) with the consent of the requisite majority of Holders except as otherwise permitted under "*Amendments and Waivers*," and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the reasonable 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 will provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the requisite majority of Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby, *provided that* such transaction would comply with the covenant described under "*—Limitation on Restricted Payments*."

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement.

Limitation on Activities of the Third Party Security Provider

Prior to the Post-Completion Merger, the Third Party Security Provider shall not trade, carry on any business, own any assets or incur any liabilities other than:

(1) the ownership of shares of the Issuer and any finance Subsidiary (*provided* that such finance Subsidiary shall not trade, carry on any business, own any assets or incur any liabilities other than those which the Third Party Security Provider is permitted under this covenant);

(2) making an Investment in the Issuer in the form of Subordinated Shareholder Funding, loans of Indebtedness to the Issuer or purchases of Capital Stock of the Issuer or otherwise contributed to the equity of the Issuer;

(3) the provision of customary holding company services and the provision of other headquarters services, administrative services (including treasury services, cash-pooling arrangements and group chief financial officer functions), legal, accounting, marketing, procurement and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries (including being actively involved in the management decisions of its Subsidiaries, such as (i) issuing general strategic guidelines, (ii) providing guidance on extraordinary transactions such as mergers, acquisitions, disposals of assets and investments and (iii) monitoring the performance of its Subsidiaries) and the ownership of assets and the incurrence of liabilities necessary to provide such services;

(4) (a) Incurring Indebtedness, Guarantees of Indebtedness and shareholder funding (including, in each case, activities reasonably incidental thereto, including performance of the terms and conditions of such Indebtedness or subordinated shareholder funding, to the extent such activities are otherwise permissible under the Indenture); and (b) the granting of Liens;

(5) the exercise of rights and the performance of obligations under: (i) the Indenture and the Intercreditor Agreement, (ii) any Indebtedness Incurred by it and other ancillary documents or

instruments related thereto, including any "*parallel debt*" obligations under the Indenture, the Revolving Credit Facility Agreement, the Intercreditor Agreement and (iii) any security document in respect of Permitted Liens, Permitted Intellectual Property Liens or Permitted Collateral Liens, or any Liens Incurred in accordance with the covenant described under "*—Limitation on Liens*" or any other agreement existing on the Issue Date to which it is a party;

(6) the ownership of (i) cash and Cash Equivalents, (ii) other property, in each case to the extent contributed substantially concurrently to a Parent or the Issuer or any Restricted Subsidiary to the extent such contribution is not otherwise prohibited by the terms of this covenant and (iii) assets owned by it on the Issue Date;

(7) paying dividends, making distributions and other payments, including the servicing, purchase, redemption or retirement of subordinated shareholder funding, to direct shareholders to the extent funded out of the proceeds received from the Issuer pursuant to a payment made by it in accordance with the terms of the Indenture and the Intercreditor Agreement, as permitted or not prohibited under the Indenture, the Revolving Credit Facility Agreement, the Intercreditor Agreement and any security documents to which the Third Party Security Provider is a party for the pledge of assets permitted to be secured under the Indenture, the Revolving Credit Facility Agreement, or the Intercreditor Agreement;

(8) activities directly related or reasonably incidental to the establishment and/or maintenance of its or its Subsidiaries corporate existence;

(9) activities pursuant to or in connection with the Transactions or the Post-Completion Merger;

(10) (a) the listing of its Capital Stock, the Capital Stock of the Issuer or the Capital Stock of any Restricted Subsidiary and the issuance, offering and sale of its Capital Stock, the Capital Stock of the Issuer or the Capital Stock of any Restricted Subsidiary (including in a Public Offering), including compliance with applicable regulatory and other obligations in connection therewith, (b) using the net cash proceeds of such issuance, or exchanging or converting such instruments, to fund the purchase, repurchase or redemption of, any Indebtedness or other equity or debt instrument of the Third Party Security Provider or the Issuer, or to contribute to the common equity of the Issuer, to the extent permitted or not prohibited by the Indenture, the Revolving Credit Facility Agreement, and the Intercreditor Agreement; and (c) any purchase, repurchase, redemption, or the performance of the terms and conditions of, and exercise of rights in respect of, the foregoing, to the extent such activities are otherwise permitted or not prohibited by the Indenture, the Revolving Credit Facility Agreement, and the Intercreditor Agreement and the relevant Security Documents, in each case, in relation to transactions authorized or not prohibited by the Indenture, the Revolving Credit Facility Agreement, and the Intercreditor Agreement;

(11) conducting activities directly related or reasonably incidental to any Initial Public Offering or Equity Offering, including the maintenance of any listing of equity interests issued by any IPO Entity;

(12) making Investments in any Indebtedness the Incurrence of which is not otherwise prohibited by the Indenture;

(13) any liabilities or obligations in connection with any employee or participation scheme operated by the Third Party Security Provider, including any management equity plan, incentive plan or other similar scheme operated by, for the benefit of, on behalf of or in respect of the Third Party Security Provider, the Issuer or any Restricted Subsidiary (and/or any current or past employees, directors or members of management thereof and any related corporate entity established for such purpose);

(14) the sale, conveyance, transfer, lease or disposition (i) of all or substantially all of its assets, but only to the extent (a) that such sale, conveyance, transfer, lease or disposition would be permitted by the provisions described under "*—Change of Control*" and the covenant set forth under "*—Merger and Consolidation—The Issuer*", substituting the Third Party Security Provider for the Issuer, *mutatis mutandis*, and (b) any resulting release and retaking of any Security Interest with respect to the Collateral in connection therewith which is not prohibited under "*—Impairment of Security Interest*" or (ii) of its assets other than the shares of the Issuer or any Indebtedness owed by the Issuer to the Third Party Security Provider (except as otherwise permitted under this covenant); and

(15) other activities not specifically enumerated above that are *de minimis* in nature.

Financial Calculations

Any amounts incurred on the basis of any basket, test or permission where an element is set by reference to a percentage of LTM EBITDA ("**EBITDA based basket**") shall (*provided that* such amounts are, at the time of incurrence, duly and properly incurred in accordance with the relevant basket, test or permission) be treated as having been duly and properly incurred without the occurrence of a Default or Event of Default even in the event that such EBITDA based basket subsequently decreases by virtue of operation of that calculation.

If (i) 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 (ii) 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.

In the event that any amount or transaction meets the criteria of more than one of the baskets or exceptions set out in the Indenture, the Issuer, in its sole discretion, will classify and may from time to time reclassify that amount or transaction to a particular basket or exception and will only be required to include that amount or transaction in one of those baskets or exceptions (and, for the avoidance of doubt, an amount or transaction may at the option of the Issuer be split between different baskets or exceptions).

Any reference in the Indenture to an Applicable Metric shall be deemed to be a reference to such Applicable Metric as determined at the Applicable Test Date.

In relation to any action, matter or transaction (including an Investment or Permitted Acquisition) which would result in a cumulative increase to the Consolidated EBITDA or LTM EBITDA of the Group (in an amount determined by the Issuer by reference to the date of commitment thereto after giving *pro forma* effect thereof and any adjustments permitted by the Indenture) (each a "**Qualifying Transaction**"), from such date until the date on which the Quarterly Financial Statements for the first quarter end date falling immediately after completion (or as the case may be termination or abandonment) of that Qualifying Transaction are delivered to the Trustee, the Consolidated EBITDA or LTM EBITDA of the Group for the purposes of all baskets, fixed amounts, ratios and thresholds in the Indenture which include a calculation by reference to Consolidated EBITDA or LTM EBITDA shall be increased (on a *pro forma* basis) by such amount. If the value of any of the baskets, fixed amounts, ratios or thresholds is subsequently decreased upon the delivery of the applicable Quarterly Financial Statements in respect of the financial quarter immediately following completion (or as the case may be termination or abandonment) of that Qualifying Transaction, any item undertaken or incurred in good faith prior to any decrease shall be grandfathered and shall continue to be permitted notwithstanding the subsequent reduction in the relevant baskets, fixed amounts, ratios or thresholds.

For any relevant basket set by reference to a financial year, fiscal year or calendar year (each an "**Annual Period**") (i) at the option of the Issuer, the maximum amount so permitted under such basket during such Annual Period may be increased by (A) an amount equal to 100% of the difference (if positive) between the permitted amount in the immediately preceding Annual Period and the amount thereof actually used or applied by the Group during such preceding Annual Period (the "**Carry Forward Amount**"); and/or (B) an amount equal to 100% of the permitted amount in the immediately following Annual Period and the permitted amount in such immediately following Annual Period shall be reduced by such corresponding amount (the "**Carry Back Amount**"); and (ii) to the extent that the maximum amount so permitted under such basket during such Annual Period is increased in accordance with the preceding clause (i), any usage of such basket during such Annual Period shall be deemed to be applied in the following order: (A) firstly against any Carry Forward Amount; (B) secondly against the maximum amount so permitted during such Annual Period prior to any increase in accordance with the preceding clause (i); and (C) thirdly against any Carry Back Amount.

To the extent that any Indebtedness, Lien, distribution, payment or Investment or other transaction referred to in or contemplated by the definition of Applicable Test Date, satisfies any Applicable Metric, or other test or condition on the Applicable Test Date, such Applicable Metric, test or condition shall be deemed to have been satisfied, including on the date of its incurrence or on any other date of determination under the Indenture and irrespective of any facts or circumstances (including financial condition) on any such date or thereafter.

Notwithstanding anything to the contrary herein, with respect to amounts incurred or transactions entered into (or consummated) in reliance on a provision of the Indenture that does not require compliance with a financial ratio or test (including, for the avoidance of doubt, any basket with a fixed euro amount or based on a percentage of LTM EBITDA) (and such amount a "**Non-Ratio Basket Amount**") on the same date as any amounts incurred or transactions entered into (or consummated) in reliance on a provision of the Indenture (including, without limitation, any Consolidated Senior Secured Net Leverage Ratio, Consolidated Total Secured Net Leverage Ratio, Consolidated Total Net Leverage Ratio and/or Fixed Charge Coverage Ratio) that requires compliance with any such financial ratio or test (any such amount a "**Ratio Based Basket Amount**"), it is understood and agreed that the Non-Ratio Basket Amount (and any cash proceeds thereof and any discharge of any Indebtedness with the proceeds thereof) shall be disregarded in the calculation of the financial ratio or test applicable to such incurrence of any Ratio Based Basket Amount.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person (other than in connection with the Post-Completion Merger), unless:

(1) the resulting, surviving or transferee Person (the "**Successor Company**") will be a Person organized and existing under the laws of England and Wales, Italy, any member state of the European Union, or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Issuer) will expressly assume, by way of Supplemental Indenture, executed and delivered to the Trustee, all the obligations of the Issuer under the Indenture and 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 applicable Successor Company or any Subsidiary of the applicable Successor Company as a result of such transaction as having been Incurred by the applicable Successor Company or such Subsidiary at the time of such transaction), no Default has occurred and is continuing;

(3) immediately after giving effect to such transaction, either (i) the Issuer or the applicable Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph or clause (1)(D) of the second paragraph under "*Certain Covenants—Limitation on Indebtedness*"; or (ii) either the Fixed Charge Coverage Ratio of the Issuer and the Restricted Subsidiaries would not be lower, or the Consolidated Total Net Leverage Ratio would not be higher, than it was immediately prior to giving effect to such transaction;

(4) the Issuer or the Successor Company, as the case may be, 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 comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture is a legal 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; and

(5) the Holders (or the Security Agent on their behalf) will continue to have the same or substantially equivalent (ignoring for the purposes of assessing such equivalency any limitations required in accordance with the Agreed Security Principles or hardening periods) guarantees and security over the same or substantially equivalent assets and over the shares (or other interests) in the Issuer or the Successor Company, save to the extent such assets or shares (or other interests) cease to exist (*provided that* if the shares (or other interests) in the Issuer cease to exist, security will be granted (subject to the Agreed Security Principles) over the shares (or other interests) in the Successor Company).

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes and the Indenture.

Any future Guarantors

No future Guarantor (other than a Guarantor whose Guarantee is to be released in accordance with the terms of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person, or

(2) sell, assign, convey, transfer, lease or dispose of all or substantially all its assets, in one transaction or a series of related transactions, to any Person, or

(3) permit any Person to merge with or into such Guarantor,

unless:

(a) either (i) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor substantially concurrently with the transaction; or (ii) either (x) the Issuer or a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under the Indenture and all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable; and

(b) either (i) immediately after giving effect to the transaction, no Default has occurred and is continuing; or (ii) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise not prohibited by the Indenture.

General

The provisions set forth in this covenant "*Merger and Consolidation*" shall not restrict (and shall not apply to):

(1) any Restricted Subsidiary that is not the Issuer or a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not the Issuer or a Guarantor;

(2) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor;

(3) the Issuer or any Guarantor from transferring any assets comprising shares or other equity interests to a Third Party Security Provider (as defined in the Intercreditor Agreement); *provided that* to the extent that any Security Interest was previously granted over such shares or other equity interests and that Security Interest would not, in accordance with the applicable law, constitute a Lien over the shares following such transfer, the relevant Third Party Security Provider shall, subject to the Agreed Security Principles, grant Security Interest over the shares or other equity interests transferred in accordance with this clause (3) on substantially equivalent terms to any security interest previously granted over such shares or other equity interests as soon as reasonably practicable following the transfer;

(4) 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: (i) the relevant Guarantor will assume the obligations of the Issuer under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents and clauses (1), (4) and (5) of the covenant described under "—*Issuer*" shall apply to such transaction; and (ii) to the extent that any Security Interest previously granted over the shares in the capital of the relevant Guarantor would not, in accordance with the applicable law, constitute a Lien over the shares in the capital of the surviving entity, the direct Holding Company of the surviving entity shall, subject to the Agreed Security Principles, grant Security Interest over the shares in the capital of the surviving entity on substantially equivalent terms to any Security Interest granted over the shares in the capital of such predecessor Guarantor immediately prior to such merger or consolidation;

(5) 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 that* (other than in respect of the Post-Completion Merger), in the case of a consolidation, merger or combination of (A) the Issuer into or with an Affiliate that is not a Guarantor, clauses (1), (2), (4) and (5) under "—*Issuer*" and (B) any Guarantor into or with an Affiliate, paragraph (4) under "—*Guarantor*," as the case may be, shall apply to such transaction;

(6) any Permitted Transaction; or

(7) the Post-Completion Merger.

This covenant "*Merger and Consolidation*" shall not apply to the creation of a new Subsidiary as a Restricted Subsidiary. Nothing in this covenant "*Merger and Consolidation*" shall prohibit, condition or restrict the Transactions.

Post-Completion Merger and Further Assurances

Following the Acquisition Closing Date, the Issuer shall use commercially reasonable efforts, subject to any relevant approval and/or authorization by any competent authority, to implement the Post-Completion Merger in accordance with Articles 2501-bis and following of the Italian Civil Code and other applicable provisions of Italian law, with MergerCo being the surviving entity, during the 18 months following the Acquisition Closing Date. Failure to complete the Post-Completion Merger shall not constitute a Default or an Event of Default under the Indenture.

Each holder of the Notes, by accepting a Note will be deemed to agree, for the purposes of Article 2503-bis (et seq.) of the Italian Civil Code, to the consummation of the Post-Completion Merger and, in the event that the Target is the successor company of the Post-Completion Merger, the assumption by MergerCo of all obligations of the Issuer in respect of the Notes, the Indenture, the Intercreditor Agreement and the relevant Security Documents in accordance with the terms of the Indenture upon completion of the Post-Completion Merger.

In the event the Post-Completion Merger does not occur on or prior to the Cut-Off Date, the Issuer shall use commercially reasonable efforts to procure that, subject to the Agreed Security Principles and to certain significant limitations under Italian law, the Target guarantees the Notes within 60 days of the Cut-Off Date. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*" and "*Risk factors—Risks Related to the Notes, the Guarantee and the Collateral—The Guarantee and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*."

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 when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, continued for 2 Business Days, if any, on any Note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise continued for five Business Days;

(3) failure by the Issuer or any Guarantor to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding Notes with any agreement or obligation contained in the Indenture, other than those set out in clauses (1) or (2) above;

(4) the occurrence of any default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness (other than, for the avoidance of doubt, Indebtedness under any (I) Hedging Obligations, (II) Subordinated Shareholder Funding and (III) Ancillary Facilities under the Revolving Credit Facility Agreement to the extent that a Revolving Facility is available for drawing in order to refinance amounts outstanding under such Ancillary Facility) for money borrowed which is Incurred or Guaranteed by the Issuer or any Restricted Subsidiary, other than Indebtedness owed to the Issuer or a Restricted Subsidiary, which:

    (a) is caused by a failure to pay principal of such Indebtedness, at its stated final maturity (after giving effect to any applicable grace periods) provided in such Indebtedness (a "**payment default**"); or

    (b) results in the acceleration of such Indebtedness prior to its stated final maturity (the "**cross acceleration provision**"),

    and, in each case, the aggregate principal outstanding amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default of principal at its stated final maturity (after giving effect to any applicable grace periods) or the maturity of which has been accelerated, is in excess of the greater of (x) €35 million and (y) 30.0% of LTM EBITDA;

(5) certain events of bankruptcy, insolvency or court protection of the Third Party Security Provider, the Issuer, or a Significant Subsidiary (the "**bankruptcy provisions**");

(6) failure by the Issuer, a Guarantor or a Significant Subsidiary to pay final judgments aggregating in excess of the greater of (x) €35 million and (y) 30.0% of LTM EBITDA, other than any judgments covered by indemnities provided by, or insurance policies issued by, reputable and creditworthy companies, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days (after receipt of notice as described in the next succeeding paragraph) after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed (the "**judgment default provision**");

(7) any Security Interest under the Security Documents having a fair market value in excess of the greater of (x) €17 million and (y) 15.0% of LTM EBITDA, shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such Security Interest created thereunder shall be declared invalid or unenforceable or the Issuer 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 (the "**security default provisions**"); and

(8) except as permitted under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement (including with respect to any limitations), any Guarantee of any one or more Guarantors that is a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any one or more Guarantors that is a Significant Subsidiary denies or disaffirms its obligations under its Guarantee (the "**guarantee default provisions**").

If any Event of Default (other than of a type specified in clause (5) above) occurs and is continuing under the Indenture, the Trustee by written notice to the Issuer, or the Holders of not less than 30% in aggregate principal amount of all the then outstanding Notes by written notice to the Issuer and the Trustee, may, and the Trustee (subject to certain conditions) at the request of such Holders shall, declare the principal, accrued and unpaid interest, if any, on all the then outstanding Notes to be due and payable immediately, and upon such declaration, such principal, accrued and unpaid interest, if any, will be due and payable immediately; *provided, however*, that a Default under clauses (3), (4), (6), (7) or (8) of the first paragraph of this section will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of the then outstanding Notes notify the Issuer of the Default and the Issuer does not cure such Default within the time specified in such clauses (if any) after receipt of such notice.

Upon the effectiveness of such declaration to accelerate the Notes, such principal and accrued and unpaid interest, if any, will be due and payable immediately. Notwithstanding any of the foregoing, in the case of an Event of Default arising under clause (5) of the first paragraph of this section, all outstanding Notes (including the accrued and unpaid interest thereof) will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. A notice of Default, notice of acceleration or instruction to the Trustee to provide a notice of Default, notice of acceleration or take any other action with respect to an alleged Default or Event of Default set forth in clauses (3), (4), (6), (7) or (8) of the first paragraph of this covenant may not be given with respect to any action taken, and reported publicly or to Holders, more than two years prior to such notice or instruction. The Indenture will provide that the Trustee may withhold from the Holders notice of any continuing Default, except a Default relating to the payment of principal, premium, if any, or interest, if it determines that withholding notice is in their interest.

In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "*Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, in each case, within 30 days after the declaration of acceleration with respect thereto and the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of not less than a majority in principal amount of the outstanding Notes under the Indenture by notice to the Trustee may, on behalf of all Holders, waive all past or existing Defaults or Events of Default (except with respect to non-payment of principal, premium, interest or Additional Amounts, if any, on any Note held by a non-consenting Holder (which may only be waived with the consent of Holders holding 75% of the aggregate principal amount of the Notes outstanding under the Indenture)) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Indenture will provide that (i) if a Default for a failure to report or failure to deliver a required certificate in connection with another default (the "**Initial Default**") occurs, then at the time such Initial Default is cured, such Default for a failure to report or failure to deliver a required certificate in connection with another default that resulted solely because of that Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant described under "*Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or such notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

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.

If an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee and, if requested, the Trustee has received, customary indemnification and/or security satisfactory to the Trustee in its sole discretion against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee indemnity and/or prefunding satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of such indemnity and/or prefunding; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the written opinion of the Trustee, is inconsistent with such request within such 60 day period.

Subject to certain restrictions, the Holders of not less than a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing of which a responsible officer of the Trustee has received written notice, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to customary indemnification and/or security satisfactory to the Trustee in its sole discretion against all fees, losses, liabilities and expenses (including legal fees) caused by taking or not taking such action.

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 notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, 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 a Default that has occurred and is continuing, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions and subject to compliance with the provisions described in *"—Meetings of Holders of Notes"* below, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, without the consent of Holders holding not less than 75% of the then outstanding aggregate principal amount of Notes affected, an amendment or waiver may not, with respect to Notes held by a non-consenting Holder:

(1) reduce the stated rate of or extend the stated time for payment of interest on any such Note (other than provisions relating to Change of Control and Asset Dispositions);

(2) reduce the principal of or extend the Stated Maturity of any such Note (other than provisions relating to Change of Control and Asset Dispositions);

(3) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "*Optional Redemption*" or "*Redemption for Taxation Reasons*";

(4) make any such Note payable in currency other than that stated in such Note;

(5) impair the right of any Holder to institute suit for the enforcement of any payment of principal of, or interest or Additional Amounts, if any, on such Holder's Notes on or after the due dates therefor;

(6) make any change in the provision of the Indenture described under "*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(7) release all or substantially all Security Interests granted for the benefit of the Holders in the Collateral (taken as a whole) other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement and the Indenture; *provided that*, for the avoidance of doubt and without prejudice to the covenant described under the heading "*Certain Covenants—Impairment of Security Interest*," the release of less than all or substantially all Security Interests granted for the benefit of the Holders in the Collateral (taken as a whole) shall only require 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);

(8) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(9) release any Guarantor from any of its obligations under its Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(10) reduce the principal amount of Notes whose holders must consent to any amendment, waiver or modification or make any other change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

For the avoidance of doubt, no amendment to, or deletion of, or actions taken in compliance with, the covenants described under "*Certain Covenants*" shall be deemed to impair or affect any rights of Holders to receive payment of principal of, or interest or premium, if any, on the Notes.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, mistake, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or a Guarantor under any Notes Document;

(3) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee, the Security Agent or the Holders or make any change (including changing the ISIN or other identifying number on any Notes) that does not adversely affect the rights of the Trustee or any Holder in any material respect;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or a member of senior management of the Issuer) for the issuance of Additional Notes that may be issued in compliance with the Indenture;

(6) provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or "*Certain Covenants—Future Guarantees*," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien with respect to or securing the Notes when such release, termination, discharge or retaking 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) evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee or the Security Agent to any Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a Security Interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility, in any property which is required by the Security Documents or the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a Security Interest is required to be granted to the Security Agent, or to the extent necessary to grant a Security Interest in the Collateral for the benefit of any Person; *provided that* the granting of such Security Interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*Certain Covenants—Impairment of Security Interest*" is complied with;

(10) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including to facilitate the issuance and administration of Notes; *provided, however,* that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any other applicable securities law and (ii) such amendment does not adversely affect the rights of Holders to transfer Notes in any material respect;

(11) facilitate any transaction that complies with (a) the definition of "*Permitted Reorganization*" or (b) the covenants described under the headings "*Merger and Consolidation*" and "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" relating to mergers, consolidations and sales of assets; or

(12) as provided in "*Certain Covenants—Additional Intercreditor Agreements.*"

In formulating its decisions on such matters, the Trustee (and the Security Agent, as applicable) shall be entitled to require and rely absolutely on such evidence as it deems appropriate, without further inquiry, 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 given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender. The Indenture will not contain a covenant regulating the offer and/or payment of a consent fee to Holders.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and the Guarantors under the Notes Documents ("**legal defeasance**") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate the obligations of it and the Restricted Subsidiaries under the covenants described under "*Certain Covenants*" (other than clauses (1), (2) and (4) of "*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 (other than with respect to the Issuer), the judgment default provision, the guarantee default provision and the security default provisions described under "*Events of Default*" above ("covenant defeasance").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than clauses (1), (2) and (4) of "*Merger and Consolidation—The Issuer*"), (4), (5) (with respect only to the Issuer and Significant Subsidiaries (or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and the Restricted Subsidiaries) would constitute a Significant Subsidiary) of the Issuer), (6), (7) or (8) under "*Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "**defeasance trust**") with the Trustee cash in Euros or European Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel, subject to customary assumptions and exclusions, to the effect that the beneficial owners of the 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 amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or change in applicable U.S. federal income tax law since the issuance of the Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer; and

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of transfer or exchange of the Notes and rights of the Trustee, as expressly provided for in the Indenture) as to all 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 Trustee or Paying Agent for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the 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, money in Euros or 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 Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the 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 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; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided that* any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)). If requested in writing by the Issuer, the Trustee or the Paying Agent may distribute any amounts deposited to the Holders prior to Stated Maturity or the redemption date, as the case may be; *provided, however*, that the Holders shall have received at least three Business Days' notice from the Issuer of such earlier repayment date (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to Holders prior to the maturity or redemption date as set forth above will not include any negative interest, present value adjustment, break costs or any other premium on such amounts. To the extent that the Notes are represented by Global Notes deposited with a depositary for a clearing system, any payment to the beneficial holders holding interests as a participant of such clearing system shall be subject to the then applicable procedures of the clearing system.

Meetings of Holders of Notes

All meetings of Holders of the Notes will be held in accordance with Italian applicable laws and regulations. In addition to and without prejudice to the provisions described above under *"—Amendments and waivers*," in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the Holders of the Notes to consider any matter affecting their interests, including, without limitation, the modification or abrogation by extraordinary resolution of any provisions of the Notes or the Indenture. A meeting may be convened either (i) by the Board of Directors of the Issuer, (ii) by the Noteholders' Representative (as defined below) or (iii) upon request by holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

In accordance with the Italian Civil Code, the vote required to pass a resolution by a meeting of the Holders of Notes will be (i) in the case of the first meeting, one or more persons that hold or represent Holders of more than one half of the aggregate principal amount of the outstanding Notes, and (ii) in the case of the second and any further adjourned meeting, one or more persons that hold or represent Holders of at least two-thirds of the aggregate principal amount of the Notes so present or represented at such meeting. Any such second or further adjourned meeting will be validly held if there are one or more persons present that hold or represent Holders of more than one-third of the aggregate principal amount of the outstanding Notes; provided, however, that the Issuer's bylaws may provide for a higher quorum (to the extent permitted under Italian law). Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by an extraordinary resolution passed at a meeting of Holders of the Notes (including any adjourned meeting) by one or more persons present that hold or represent holders of not less than one-half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the second paragraph under "—Amendments and waivers," and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass an extraordinary resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See "*Risk Factors—Risks Related to the Notes and the Collateral—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes*." Any resolution duly passed at any such meeting shall be binding on all the holders of the Notes, whether or not such holder was present at such meeting or voted to approve such resolution. To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of Holders of the Notes can be challenged by Holders pursuant to Articles 2377 and 2379 of the Italian Civil Code.

The Indenture will provide that the provisions described under this "*—Meeting of Holders of Notes*" will be in addition to, and not in substitution of, the provisions described under "*—Amendments and Waivers*." As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this "*—Meeting of Holders of Notes*" must also comply with the other provisions described under "*—Amendments and Waivers*."

Security Representative and Noteholders' Representative

Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the holders of the Notes of the initial appointment, as of the Issue Date, of UniCredit S.p.A., 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 UniCredit S.p.A., as Security Representative.

Moreover, a representative of the Holders of the Notes (*rappresentante comune*) (the "**Noteholders' Representative**") may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the Holders of the Notes in order to represent the interests of the Holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of the Holders of the Notes. If the Noteholders' Representative is not appointed by a meeting of the Holders of the Notes, the Noteholders' Representative shall be appointed by a decree of the Court where the Issuer has its registered office upon request by one or more Holders of the Notes or upon request by the directors of the Issuer. The Noteholders' Representative remains appointed for a maximum period of three financial years but may be subsequently reappointed thereafter.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of its respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

U.S. Bank Trustees Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee, the Paying Agent, the Transfer Agent, the Registrar, the Security Agent and any other agent will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture sets 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 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, taxes and expenses Incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices with respect to the Notes will be published on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

All notices to Holders will be validly given if electronically delivered or mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. For so long as any Notes are represented by Global Notes, all notices to Holders will be delivered to Euroclear and Clearstream, which will give such notices to the Holders of Book-Entry Interests in accordance with the applicable procedures of Euroclear and Clearstream, delivery of which shall be deemed to satisfy the requirements of this paragraph.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided that*, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given in via Euroclear or Clearstream, it is duly given on the day the notice is given to Euroclear or Clearstream.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, premium, if any, or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

Euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes and the Guarantee, including damages. Any amount received or recovered in a currency other than Euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the Euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that Euro amount is less than the Euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the

Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any Euro-denominated restriction herein, the Euro equivalent amount for purposes hereof that is denominated in a non-Euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-Euro amount is Incurred or made, as the case may be.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market. There can be no assurance that the application to list the Notes on the Official List of the Exchange will be approved, and settlement of the Notes is not conditioned on obtaining this listing or permission.

Enforceability of Judgments

Since substantially all the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuer and the Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City, County and State of New York, in the United States of America. The Indenture will provide that the Issuer and each Guarantor will appoint an agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Guarantee brought in any U.S. federal or New York state court located in the City of New York.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, and the Guarantee thereunder, shall be governed by and construed in accordance with the laws of the State of New York. For the avoidance of doubt, the governing law of the Indenture and the Notes may be amended with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England. The Security Documents will be governed by Italian law.

Certain Definitions

"*Acceptable Bank*" means:

(a) a bank or financial institution which has a long term unsecured credit rating of at least BBB- by S&P or Fitch or at least Baa3 by Moody's or a comparable rating from an internationally recognized credit rating agency, or any bank or financial institution which (having previously satisfied such requirement) ceases to satisfy the foregoing ratings requirement for a period of not more than three months;

(b) any Finance Party (as defined in the Revolving Credit Facility Agreement) or any Affiliate of a Finance Party;

(c) any other bank or financial institution on the Approved List (as defined in the Revolving Credit Facility Agreement) or which otherwise provides banking services to the Group; and

(d) any other bank or financial institution providing banking services to a business or entity acquired by a member of the Group.

"*Acquired Indebtedness*" means Indebtedness (a) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary; (b) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition; (c) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary; or (d) secured by a Lien encumbering any asset acquired by such Person, provided that Acquired Indebtedness shall be deemed to have been Incurred, with respect to sub-clause (a), on the date such Person becomes a Restricted Subsidiary, subclause (b), on the date of consummation of such acquisition of assets, sub-clause (c), on the date of the relevant merger, consolidation or other combination and sub-clause (d), on the date of consummation of such acquisition of assets, or, at the election of the Issuer, the Applicable Test Date.

"*Acquisition*" shall have the meaning ascribed to such term in the Offering Memorandum.

"*Acquisition Agreement*" means the share purchase agreement dated July 17, 2021, among, inter alios, the Issuer as purchaser and the sellers named therein in respect to the Capital Stock of the Target, as amended through the Acquisition Closing Date.

"*Acquisition Closing Date*" means the date on which the Acquisition is consummated.

"*Additional Assets*" means:

(1) any property or assets (other than Capital Stock) used or to be used by the Issuer, a Restricted Subsidiary or otherwise useful (including Investments in property or assets for potential future use) in a Similar Business (it being understood that capital expenditures on property or assets already used, or to be used, in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "*control*" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "*controlling*" and "*controlled*" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles appended to the Revolving Credit Facility Agreement, as of the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

"*AIFMD*" means the Alternative Investment Fund Managers Directive 2011/61/EU.

"*Applicable Metric*" means any financial covenant, ratio, permission, test, basket or threshold in any Note Document (including any financial definition or component thereof and any financial covenant, ratio, permission, test, basket or threshold directly or indirectly calculated by reference to Consolidated EBITDA, LTM EBITDA, the Consolidated Total Secured Net Leverage Ratio, the Consolidated Senior Secured Net Leverage Ratio, the Consolidated Total Net Leverage Ratio or the Fixed Charge Coverage Ratio), any Default, Event of Default or other relevant breach of a Note Document.

"*Applicable Premium*" means, with respect to any Note the greater of:

(1) 1% of the principal amount of such Note; and

(2) the excess (to the extent positive) of:

(a) the present value at such redemption date of (A) the redemption price of such Note at September 30, 2024 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*Optional Redemption*" (excluding accrued and unpaid interest)), *plus* (B) all required interest payments due on such Note to and including September 30, 2024 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at the date of such notice date *plus* 50 basis points; over

(b) the outstanding principal amount of such Note,

in each case as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee, Registrar, Transfer Agent or Paying Agent.

"*Applicable Test Date*" means, in relation to determining or testing any Applicable Metric for the purposes of any Notes Document:

(a) other than with respect to the incurrence of Indebtedness or the making of any distribution or other payment or an Investment contemplated in "*Certain Covenants—Limitation on Restricted Payments*," at the election of the Issuer (with such date being the "**Applicable Reporting Date**"), either: (i) if no financial statements have yet been delivered since the Issue Date in accordance with "*Certain Covenants—Reports*," the Issue Date, with such Applicable Metric determined by reference to the financial information set out in this Offering Memorandum; (ii) the most recent quarter end date for which financial statements have been delivered pursuant to the terms of the Indenture, with such Applicable Metric determined by reference to such financial statements; or (iii) the last date of the most recently completed Relevant Period for which the Group has sufficient available information to be able to determine such Applicable Metric, with such Applicable Metric determined by reference to such available information; and

(b) with respect to the incurrence of Indebtedness and if applicable, any Lien securing such Indebtedness, at the election of the Issuer, either:

(i) the most recent Applicable Reporting Date elected by the Issuer prior to:

(A) in relation to any such Indebtedness (including Indebtedness described in clause (B) below): (1) any date of any commitment, letter or agreement (conditional or otherwise (including any documentation condition)) entered into by a member of the Group or an Affiliate thereof in relation to the provision of all or part of the applicable Indebtedness; (2) the date of any debt instrument (subject to the terms and conditions therein) constituting, documenting or evidencing all or part of the applicable Indebtedness; and/or (3) the date of any incurrence of all or part of the applicable Indebtedness, as the case may be; and/or

(B) in relation to all or part of any Indebtedness incurred to finance (in whole or part) an acquisition (including of any asset or shares (or other ownership interests)) assumed by the Issuer or any Restricted Subsidiary or Indebtedness of Persons that are to be acquired by, or merged with or into or amalgamated or consolidated or otherwise combines with, the Issuer or Restricted Subsidiaries (or assumed in connection therewith), any date of (1) any commitment, letter or agreement (conditional or otherwise (including any documentation condition)) entered into in relation to the making of such acquisition; (2) the sale and purchase agreement in relation to that acquisition; (3) the acquisition occurring; and/or (4) in connection with an acquisition to which the United Kingdom City Code of Takeovers and Mergers (the "**City Code**") or similar law or practices in other jurisdictions apply, the date on which a "Rule 2.7 Announcement" of a firm intention to make an offer or similar announcement or determination in another jurisdiction subject to laws similar to the City Code in respect of a target company is made in compliance with the City Code or similar law or practices in other jurisdictions; and/or

(ii) as otherwise determined in accordance with the covenant described under "*Certain Covenant—Limitation on Indebtedness*" and "*Certain Covenant—Limitation on Liens*"; and

(c) with respect to the making of any distribution or other payment or an Investment contemplated in "*Certain Covenants—Limitation on Restricted Payments*" (for the purposes of this paragraph (c) a "**Payment**"), at the election of the Issuer, the most recent Applicable Reporting Date elected by the Issuer prior to: (i) the date on which any applicable Payment is committed (conditionally or unconditionally) or declared to be paid; (ii) the date on which any applicable Payment is paid or completed; and/or (iii) as otherwise determined in accordance with "*Certain Covenants—Limitation on Restricted Payments*,"

and in each case, the Issuer may revoke such determination and/or make an alternate determination at any time and from time to time; and in each case any reference to an Event of Default being or not being continuing on the Applicable Test Date shall be deemed to refer to an Event of Default being or not being continuing on the applicable date set out in paragraphs (b) or (c) above (and not the most recent Applicable Reporting Date elected by the Issuer prior thereto).

"*Asset Disposition*" means:

(1) the voluntary sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Leaseback Transaction) of the Issuer or any of the Restricted Subsidiaries (in each case other than Capital Stock of the Issuer) (each referred to in this definition as a "**disposition**"); or

(2) the issuance, sale, transfer or other disposition of Capital Stock of any Restricted Subsidiary (other than Preferred Stock or Disqualified Stock of Restricted Subsidiaries issued in compliance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or directors' qualifying shares and shares issued to foreign nationals as required under applicable law), whether in a single transaction or a series of related transactions,

in each case, other than:

(a) a disposition by the Issuer or a Restricted Subsidiary to the Issuer or a Restricted Subsidiary;

(b) a disposition of cash, Cash Equivalent Investments, Temporary Cash Investments or Investment Grade Securities;

(c) a disposition of inventory, receivables, trading stock, equipment or other assets (including Settlement Assets) in the ordinary course of business or consistent with past practice or held for sale or no longer used in the ordinary course of business, including any disposition of disposed, abandoned or discontinued operations;

(d) a disposition of obsolete, worn-out, uneconomic, damaged, retired or surplus property, equipment, facilities or other assets or property, equipment or other assets that are no longer economically practical or commercially desirable to maintain or used or useful in the business of the Issuer and the Restricted Subsidiaries whether now or hereafter owned or leased or acquired in connection with an acquisition or used or useful in the conduct of the business of the Issuer and the Restricted Subsidiaries (including by ceasing to enforce, allowing the lapse, abandonment or invalidation of or discontinuing the use or maintenance of or putting into the public domain any intellectual property that is, in the reasonable judgment of the Issuer or the Restricted Subsidiaries, no longer used or useful, or economically practicable to maintain, or in respect of which the Issuer or any Restricted Subsidiary determines in its reasonable judgment that such action or inaction is desirable);

(e) transactions permitted under "*Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(f) an issuance, disposition, sale or transfer of Capital Stock (A) by the Issuer or by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity based, equity linked, profit sharing or performance based, incentive or compensation plan approved by the Board of Directors of the Issuer or (B) relating to directors' qualifying shares and shares issued to individuals as required by applicable law;

(g) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Issuer) of less than the greater of (x) €12 million and (y) 10.0% of LTM EBITDA;

(h) any Restricted Payment that is permitted to be made, and is made, under the covenant described under "*Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*", asset sales to the extent that the proceeds of which are used within 365 days of receipt of such proceeds to make such Restricted Payments, Permitted Payments or Permitted Investments;

(i) dispositions in connection with Permitted Liens or any Permitted Intellectual Property Lien;

(j) 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;

(k) conveyances, sales, transfers, licenses or sublicenses, lease or assignment or other dispositions of intellectual property rights, software or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business or consistent with past practice or pursuant to a research or development agreement in which the counterparty to such agreement receives a license or other right in the intellectual property or software that result from such agreement;

(l) the lease, assignment, license, sublease or sublicense of any real or personal property in the ordinary course of business or consistent with past practice;

(m) foreclosure, condemnation, forced dispositions, taking by eminent domain or any similar action with respect to any property or other assets;

(n) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) including pursuant to any factoring arrangements of accounts receivable or other loans 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;

(o) any issuance, sale or transfer of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary or any other disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary or an Immaterial Subsidiary;

(p) any disposition issuance, sale or transfer of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(q) dispositions of property to the extent (I) that such property is exchanged for credit against the purchase price of similar replacement property that is promptly purchased; (II) that the proceeds of such disposition are promptly applied to the purchase price of such replacement property (which replacement property is actually promptly purchased) or (III) allowable under Section 1031 of the Internal Revenue Code (or any similar provision under applicable tax law) and constituting any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(r) any disposition of Securitization Assets or Receivables Assets, or participations therein, (I) in connection with any Qualified Securitization Financing or (II) in connection with Receivables Facility, or the disposition of an account receivable or in connection with the collection or compromise thereof, (III) in the ordinary course of business or consistent with past practice;

(s) any disposition pursuant to a financing transaction with respect to property constructed, acquired, replaced, repaired or improved (including any reconstruction, refurbishment, renovation and/or development of real property) by the Issuer or any Restricted Subsidiary after the Issue Date, including Sale and Leaseback Transactions and asset securitizations, permitted by the Indenture;

(t) dispositions of Investments in joint ventures or similar entities to the extent required by, or made pursuant to customary buy/sell arrangements between, the parties to such joint venture set forth in joint venture arrangements and similar binding arrangements;

(u) any surrender or waiver of contractual rights or the settlement, release, recovery, surrender or waiver of contractual, tort, litigation or other claims of any kind (including any disposition of a loan in connection with a capitalization, forgiveness, waiver, release or other discharge of that loan);

(v) the unwinding or termination of any Cash Management Services or Hedging Obligations,

(w) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person;

(x) the disposition of any assets made in connection with the approval of any applicable antitrust authority or otherwise necessary or advisable in the good faith determination of the Issuer to consummate any acquisition; and

(y) [*Reserved*];

(z) any disposition with respect to assets built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary (together with any related rights and assets) pursuant to customary sale and leaseback transactions, asset securitizations and other similar financings permitted by the Indenture;

(aa) any disposition pursuant to (including a disposition which forms part of or results from) a Permitted Reorganization;

(bb) any disposition to which a member of the Group is contractually committed as at the Issue Date (or, in the case of any Person which becomes a member of the Group after the Issue Date, any disposal to which that Person is contractually committed as at the date on which it becomes a member of the Group), in each case as any such contractual commitment may be replaced, renewed or extended from time to time;

(cc) any disposition of an interest in a derivative transaction;

(dd) any disposition of any asset made in order to comply with an order of any agency of state, authority or other regulatory body or any applicable law or regulation;

(ee) any disposition of shares or other ownership interests the subject of an Initial Public Offering;

(ff) any financing transaction with respect to property built or acquired by the Issuer or any of its Restricted Subsidiaries after the Issue Date (or equity interests of a Restricted Subsidiary holding property built or acquired by the Issuer or any of its Restricted Subsidiaries after the Issue Date), including asset securitizations;

(gg) any exchange of like property for use in a Similar Business; and

(hh) any disposition of assets (being a disposition otherwise permitted under any of paragraphs (a) to (gg) above to be made to Persons which are not members of the Group) to a special purpose vehicle and the subsequent disposal of that special purpose vehicle where the assets transferred to the special purpose vehicle are the only material assets thereof,

in each case *provided that* in the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Disposition and would also be a Permitted Investment or an Investment permitted under "*Certain Covenants—Limitation on Restricted Payments*" the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as an Asset Disposition and/or one or more of the types of Permitted Investments or Investments permitted under "*Certain Covenants—Limitation on Restricted Payments*."

"*Associate*" means (i) any Person engaged in a Similar Business of which the Issuer or the 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 (i) with respect to any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (ii) with respect to any partnership, the board of directors or other governing body of the general partner, as applicable, of the partnership or any duly authorized committee thereof; (iii) with respect to a limited liability company, the managing member or members or any duly authorized controlling committee thereof; and (iv) 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). Unless the context requires otherwise, Board of Directors means the Board of Directors of the Issuer.

"*Bund Rate*" as selected by the Issuer, means the greater of (x) 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 date of such redemption notice (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 Issuer) most nearly equal to the period from the date of such redemption notice to September 30, 2024; *provided, however*, that if the period from the date of such redemption notice to September 30, 2024 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 the date of such redemption notice to September 30, 2024 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 and (y) zero.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in (i) Milan, Italy, or London, United Kingdom are authorized or required by law to close.

"*Business Successor*" means (i) any former Subsidiary of the Issuer and (ii) any Person that, after the Issue Date, has acquired, merged or consolidated with a Subsidiary of the Issuer (that results in such Subsidiary ceasing to be a Subsidiary of the Issuer), or acquired (in one transaction or a series of transactions) all or substantially all of the property and assets or business of a Subsidiary or assets constituting a business unit, line of business or division of a Subsidiary of the Issuer.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase or acquire, warrants, options or depositary receipts for, or other equivalents of, or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into, or exchangeable for, such equity.

"*Capitalized Lease Obligations*" means, in relation to any determination, an obligation that is required to be classified and accounted for as a finance lease or a capital lease for financial reporting purposes on the basis of IAS 17 (*Leases*) (or any equivalent measure under GAAP), or as the case may be and subject to (as applicable) the Election Option, as lease liabilities on the balance sheet in accordance with IFRS 16 (*Leases*) (or any equivalent measure under GAAP). The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IAS 17 (*Leases*) (or any equivalent measure under GAAP) or as the case may be and subject (as applicable) to the Election Option, IFRS 16 (*Leases*) (or any equivalent measure under GAAP); and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalent Investments*" means, at any time when held by a member of the Group, any Cash Equivalents and (without double counting):

(1) debt securities or other investments in marketable debt obligations issued, insured or guaranteed by the United States of America, the United Kingdom, Switzerland, Japan, Canada, any member state of the European Union, Australia or any other government or state which has a rating for its short-term unsecured and non credit-enhanced debt obligations of A-1 or higher by S&P or F-1 or higher by Fitch or P-1 or higher by Moody's or by an instrumentality or agency of any such government having an equivalent credit rating (each an "**Acceptable Nation**") or any agency thereof and having not more than one year to final maturity;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances maturing within one year after the relevant date of calculation and issued by an Acceptable Bank; or issued by any lender or any bank or trust company (i) whose commercial paper is rated A-1 by S&P, F-1 by Fitch or P-1 by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (ii) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250.0 million (or its equivalent in another currency);

(3) any investment in marketable debt obligations issued, insured or guaranteed by any government of any Acceptable Nation or by an instrumentality or agency of any such government having an equivalent credit rating, maturing within 24 months after the relevant date of calculation and not convertible or exchangeable to any other security;

(4) commercial paper and variable or fixed rate notes (i) which matures within one year after the relevant date of calculation; and (ii) which has a credit rating of either A-1 or higher by S&P or F-1 or higher by Fitch or P-1 or higher by Moody's, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its short term unsecured and non-credit enhanced debt obligations, an equivalent rating;

(5) bills of exchange issued in any Acceptable Nation or, in each case, any agency thereof and eligible for rediscount at the relevant central bank and accepted by a bank (or their dematerialized equivalent);

(6) any investment which: (i) is an investment in money market funds: (A) with a credit rating of either A-1 or higher by S&P or F-1 or higher by Fitch or P-1 or higher by Moody's; or (B) which invests substantially all their assets in securities of the types described in paragraphs (1) to (5) above; (ii) is any other money market investment (including repurchase agreements) and substantially all of the assets or collateral in respect of that investment have a credit rating of either A-1 or higher by S&P or F-1 or higher by Fitch or P-1 or higher by Moody's; or (iii) can be turned into cash on not more than 30 days' notice;

(7) Temporary Cash Investments or Investment Grade Securities;

(8) instruments equivalent to those referred to in paragraphs (1) to (7) (inclusive) above denominated in euro, US dollars or sterling or any other currency comparable in credit quality and tenor to those referred to above and customarily used by corporations for cash management purposes in any jurisdiction to the extent reasonably required in connection with (i) any business conducted by any member of the Group incorporated in such jurisdiction or (ii) any investment in the jurisdiction where such investment is made;

(9) securities maturing within one year after the relevant date of calculation backed by standby letters of credit issued by any Person referenced in paragraph (2) above (or by any parent entity thereof); or

(10) any marketable securities portfolio owned by the Issuer and its Subsidiaries on the Acquisition Closing Date,

in each case, to which any member of the Group is alone (or together with other members of the Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security (other than a Permitted Lien).

"*Cash Equivalents*" means:

(1) Euros, Brazilian reals, Canadian dollars, Swiss Francs, United Kingdom pounds, Japanese Yen, Dollars, Australian Dollars or any national currency of any member state of the European Union or any other foreign currency held by the Issuer and the Restricted Subsidiaries in the ordinary course of business;

(2) securities or other direct obligations issued or directly and fully Guaranteed or insured by the government of Australia, Brazil, Canada, Japan, Norway, Switzerland, the United Kingdom or the United States of America, the European Union or any member state of the European Union on the Issue Date 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), with maturities of 24 months or less from the date of acquisition;

(3) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender or by any bank or trust company (i) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "F-1" or the equivalent thereof by Fitch "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (ii) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250.0 million;

(4) repurchase obligations for underlying securities of the types described in paragraphs (2), (3), (8) and (11) of this definition entered into with any bank meeting the qualifications specified in paragraph (3) above;

(5) securities with maturities of one year or less from the date of acquisition backed by standby letters of credit issued by any Person referenced in paragraph (3) above;

(6) readily marketable direct obligations issued by a member state of the European Union, Japan, Australia, Switzerland, Norway, Canada, the United States of America, any State of the United States or the District of Columbia or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P;

(7) commercial paper and variable or fixed rate notes issued by a bank meeting the qualifications specified in paragraph (3) above (or by the Parent Entity thereof) maturing within one year after the date of creation thereof or any commercial paper and variable or fixed rate note issued by, or guaranteed by a corporation rated at least "A-1" or higher by S&P, "F-1" or higher by Fitch or "P-1" or higher by Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization selected by the Issuer) maturing within one year after the date of creation thereof;

(8) 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;

(9) bills of exchange issued in a member state of the European Union, United Kingdom, Norway, Japan, Australia, Switzerland, Canada, the United States of America, any State of the United States or the District of Columbia, eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(10) with respect to a jurisdiction in which the Issuer or a Restricted Subsidiary conducts business or is organized, certificates of deposit, time deposits, recognized time deposits, overnight bank deposits or bankers' acceptances with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings of its long term debt, among the top five banks in such jurisdiction, in an amount not to exceed cash generated in or reasonably required for operations in such jurisdiction;

(11) interests in any investment company, money market, enhanced high yield fund or other investment fund which invests 90% or more of its assets in instruments of the types specified in paragraphs (1) through (10) above; and

(12) for purposes of paragraph (b) of the definition of "Asset Disposition", the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

"*Cash Management Services*" means any of the following: automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services, daylight or overnight draft facilities and/or cash management services, including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business or consistent with past practice.

"*Change of Control*" means:

(1) the Issuer becomes aware of (by way of a report or any other filing pursuant to any public regulatory filing made available to it, proxy, vote, written notice or otherwise) any "person" or

"group" of related persons (within the meaning under Sections 13(d)(3) and 14(d)(2) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date) 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 Subsidiary of a Parent Entity so long as no person or group, as noted above, other than a Permitted Holder, holds more than 50% of the total voting power of the Voting Stock of such Parent Entity; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than the Issuer (including, for the avoidance of doubt, any successor thereto) or a Restricted Subsidiary or one or more Permitted Holders.

Notwithstanding the preceding or any provision of Section 13(d)(3) of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own Voting Stock subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with the transactions contemplated by such agreement, (ii) if any group includes one or more Permitted Holders, the issued and outstanding Voting Stock of the Issuer beneficially owned, directly or indirectly, by any Permitted Holders that are part of such group shall not be treated as being beneficially owned by such group or any other member of such group for purposes of determining whether a Change of Control has occurred, (iii) a Person or group will not be deemed to beneficially own the Voting Stock of another Person as a result of its ownership of Voting Stock or other securities of such other Person's Parent Entity (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock entitled to vote for the election of directors of such Parent Entity having a majority of the aggregate votes on the board of directors or managers (or similar body) of such Parent Entity and (iv) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner.

"*Change of Control Triggering Event*" means the occurrence of a Change of Control, unless *pro forma* for the Change of Control, the Consolidated Total Net Leverage Ratio is less than 3.8 to 1.00; *provided that* following the occurrence of any Change of Control that is deemed not to be a Change of Control Triggering Event by reference to any such Consolidated Total Net Leverage Ratio calculation, the occurrence of any subsequent Change of Control shall be deemed to be a Change of Control Triggering Event without regard to any Consolidated Total Net Leverage Ratio calculation.

"*Clearstream*" means Clearstream Banking, S.A., or any successor thereof.

"*Consolidated Depreciation and Amortization Expense*" means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including amortization or write-off of (a) intangibles and non-cash organization costs; (b) deferred financing fees or costs; and (c) capitalized expenditures, customer acquisition costs and incentive payments, conversion costs and contract acquisition costs, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities, of such Person and the Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with IFRS and any write down of assets or asset value carried on the balance sheet.

"*Consolidated EBITDA*" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(1) increased (without duplication) by:

(a) provision for taxes based on income or profits, revenue or capital, including federal, state, provincial, territorial, local, foreign, unitary, excise, property, franchise and similar taxes and foreign withholding and similar taxes of such Person paid or accrued during such period, including any penalties and interest relating to any tax examinations (including any additions to such taxes, and any penalties and interest with respect thereto), deducted (and not added back) in computing Consolidated Net Income; *plus*

(b) Fixed Charges of such Person for such period, including (i) net losses on any Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate, currency or commodities risk; (ii) bank fees and other financing fees; and (ii) costs of surety bonds in connection with financing activities, plus amounts excluded from the definition of "Consolidated Interest Expense" pursuant to paragraphs (1)(A) through (1)(I) thereof, in each case to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income; *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same were deducted (and not added back) in computing Consolidated Net Income; *plus*

(d) any (i) Transaction Expenses; and (ii) any fees, costs, expenses or charges (other than Consolidated Depreciation and Amortization Expense) related to any actual, proposed or contemplated Equity Offering (including any expense relating to enhanced accounting functions or other transactions costs associated with becoming a public company), Permitted Investment, acquisition, disposition, recapitalization or the Incurrence of Indebtedness permitted to be Incurred by the Indenture (including a refinancing thereof) (whether or not successful), in each case including such fees, expenses or charges (including rating agency fees and related expenses) related to the Revolving Credit Facility, any Notes, any other Credit Facility or Public Debt, any Securitization Fees, any Receivables Facility, any Securitization Facilities, any other Indebtedness permitted to be Incurred under the Indenture or any Equity Offering and any amendment, waiver or other modification of any of the foregoing, in each case, whether or not consummated, to the extent the same were deducted (and not added back) in computing Consolidated Net Income; *plus*

(e) the amount of any (i) loss, charge, accrual or reserve (and adjustments to existing reserves), transaction or integration cost or other business optimization expense or cost (including charges directly related to the implementation of cost-savings initiatives) that is deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs incurred in connection with acquisitions or divestitures after the Issue Date, including those related to any severance, retention, signing bonuses, relocation, recruiting and other employee related costs, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employment benefit plans (including any settlement of pension liabilities), operational and technology systems development and establishment costs, future lease commitments and costs related to the opening, pre-opening, abandonment, disposal, discontinuation and closure and/or consolidation of facilities and to exiting lines of business and consulting fees incurred with any of the foregoing; and (ii) fees, costs and expenses associated with acquisition related litigation and settlements thereof; *plus*

(f) any other non-cash charges, write-downs, expenses, losses or items reducing Consolidated Net Income for such period including any impairment charges or the impact of purchase accounting; *provided that* if any such non-cash charge, write-down or item to the extent it represents an accrual or reserve for a cash expenditure for a future period then the cash payment in such future period shall be subtracted from Consolidated EBITDA when paid or other items classified by the Issuer as special items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period); *plus*

(g) the amount of Board of Director fees, management, monitoring, advisory, consulting, refinancing, subsequent transaction, advisory and exit fees (including termination fees) and related indemnities and expenses paid or accrued in such period to any member of the Board of Directors of the Issuer, any Permitted Holder or any Affiliate of a Permitted Holder to the extent permitted under "*Certain Covenants—Limitation on Affiliate Transactions*"; *plus*

(h) the "run rate" synergies, cost savings, restructuring charges and expenses, revenues, revenue enhancements, capacity or capacity utilization increases, expense reductions, operating improvements or other similar or other adjustments or initiatives that are expected (in good faith) to be realized as a result of actions commenced, taken or expected to be taken in connection with any Permitted Acquisition (including under a letter of intent), the acquisition, opening, entering into, amending and/or development of any facility, site, product line, contract or operation, Group Initiatives, disposition, change(s) to subscription base(s) and/or license base(s), divestiture, restructuring or the implementation of any synergies, cost savings, restructuring charges and expenses, revenues, revenue enhancements, expense reductions, operating improvements or similar or other initiatives or actions or, in each case, any related steps (calculated on a *pro forma* basis as though such actions had been fully completed and operational and such related synergies, cost savings, restructuring charges and expenses, revenues, revenue enhancements, capacity or capacity utilization increases, expense reductions, operating improvements or other similar or other adjustments or initiatives had been fully realized from the first day of such period and during the entirety of such period), net of the amount of actual benefits realized during such period from such actions; *provided that* (i) such actions are expected (in the good faith determination of the Issuer) to result in synergies, cost savings, revenues, revenue enhancements, expense reductions, operating improvements or other or similar initiatives; and (ii) no synergies, cost savings, restructuring charges and expenses, revenues, revenue enhancements, capacity or capacity utilization increases, expense reductions, operating improvements or other similar or other adjustments or initiatives or other similar initiatives shall be added pursuant to this defined term to the extent duplicative of any expenses or charges otherwise added to Consolidated EBITDA, whether through a *pro forma* adjustment or otherwise, for such period (which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the definition of Fixed Charge Coverage Ratio); *plus*

(i) the "run rate" expected synergies, cost savings, restructuring charges and expenses, revenues, revenue enhancements, capacity or capacity utilization increases, expense reductions, operating improvements or other similar or other adjustments or initiatives related to information and technology systems establishment, change(s) to subscription base(s) and/or license base(s), modernization or modification, restructuring charges and expenses and synergies related to the Transactions projected by the Issuer in good faith to result from actions with respect to which substantial steps have been, will be, or are expected to be, taken (in the good faith determination of the Issuer), calculated on a *pro forma* basis as though such synergies, cost savings, restructuring charges and expenses, revenues, revenue enhancements, capacity increases, expense reductions, operating improvements or other similar initiatives had been fully realized from the first day of such period and during the entirety of such period, net of the amount of actual benefits realized during such period from such actions, and which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the definition of Fixed Charge Coverage Ratio; *plus*

(j) any research and development costs which are not capitalized by the Group; *plus*

(k) any internal costs for software development (however so described) incurred by any member of the Group; *plus*

(l) the amount of loss or discount on sale of Securitization Assets, Receivables Assets and related assets to the Securitization Subsidiary in connection with a Qualified Securitization Financing or Receivables Facility; *plus*

(m) any costs or expense incurred by the Issuer or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, any severance agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Issuer or Net Cash Proceeds of an issuance of Capital Stock (other than Disqualified Stock) of the Issuer solely to the extent that such Net Cash Proceeds are excluded from the calculation set forth in clause (b) of the first paragraph under "*Certain Covenants—Limitation on Restricted Payments*"; *plus*

(n) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to paragraph (2) below for any previous period and not added back; *plus*

(o) any net loss included in the Consolidated Net Income attributable to non-controlling interests; *plus*

(p) realized foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Issuer and its Restricted Subsidiaries; *plus*

(q) net realized losses from Hedging Obligations or embedded derivatives; *plus*

(r) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Subsidiary and any costs and expenses (including all legal, accounting and other professional fees and expenses) related thereto; *plus*

(s) with respect to any joint venture, an amount equal to the proportion of those items described in paragraphs (a) and (c) above relating to such joint venture corresponding to the Issuer's and the Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary) to the extent the same was deducted (and not added back) in calculating Consolidated Net Income; *plus*

(t) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments; *plus*

(u) any net pension or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost), and any other items of a similar nature; *plus*

(v) the amount of expenses relating to payments made to option holders of the Issuer or any Parent Entity in connection with, or as a result of, any distribution being made to equityholders of such Person or its Parent Entities, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, in each case to the extent permitted under the Indenture; *plus*

(w) any other items classified by the Issuer as extraordinary, one off, one time, exceptional, unusual or nonrecurring items decreasing Consolidated Net Income of such Person for such period; *plus*

(x) to the extent not already otherwise included herein, all adjustments of the type used in connection with the calculation of "Run-Rate Adjusted EBITDA" as set forth in footnote (1) of "*Summary Historical and Certain Other Financial Data—Other Financial Information and As Adjusted Data*" contained in the Offering Memorandum; *plus*

(y) earn out obligations Incurred in connection with any Permitted Acquisition or other Investment permitted under the Indenture and paid or accrued during such period; *plus*

(z) losses, charges and expenses related to the pre-opening and opening of new facilities, and start-up period prior to opening, that are operated, or to be operated, by the Issuer or any Restricted Subsidiary; and

(2) decreased (without duplication) by non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period.

For purposes of making the computation of Consolidated EBITDA or any component definition thereof, the Issuer may, at its option, include such *pro forma* adjustments as are consistent with the *pro forma* adjustments set forth in the definition of "*Fixed Charge Coverage Ratio*" and (without duplication) any other adjustments permitted by the Indenture.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, without duplication, the sum of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period (in each case, determined on the basis of IFRS), to the extent such expense was deducted (and not added back) in computing Consolidated Net Income, including: (i) amortization of original issue discount or premium resulting from the issuance of Indebtedness at less than par; (ii) all commissions,

discounts and other fees and charges owed with respect to letters of credit or bankers acceptances; (iii) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of any Hedging Obligations or other derivative instruments pursuant to IFRS); (iv) the interest component of Capitalized Lease Obligations; and (v) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness; and excluding: (A) Securitization Fees and interest and other fees in respect of Receivables Facilities; (B) penalties and interest relating to taxes; (C) any additional cash interest owing pursuant to any registration rights agreement; (D) accretion or accrual of discounted liabilities other than Indebtedness; (E) any expense resulting from the discounting of any Indebtedness in connection with the application of recapitalization accounting or purchase accounting in connection with the Transactions or any acquisition; (F) amortization or write-off of deferred financing fees, debt issuance costs, debt discount or premium, terminated Hedging Obligations and other commissions, financing fees and expenses and original issue discount with respect to Indebtedness borrowed under the Revolving Credit Facility or in connection with the Notes and, adjusted to the extent included, to exclude any refunds or similar credits received in connection with the purchasing or procurement of goods or services under any purchasing card or similar program; (G) any expensing of bridge, commitment and other financing fees; (H) subject (as applicable) to the Election Option, any interest component of any operating lease; (I) interest with respect to Indebtedness of any parent of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS; and (J) Subordinated Shareholder Funding; *plus*

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (but excluding any interest capitalized, accrued, accreted or paid in respect of Subordinated Shareholder Funding); *less*

(3) interest income for such period,

provided that, for purposes of this definition, interest on a lease (including any Capitalized Lease Obligation) shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such lease in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any Person for any period, the net income (loss) of such Person and its Subsidiaries that are Restricted Subsidiaries for such period determined on a consolidated basis on the basis of IFRS; *provided that* there will not be included in (and so as applicable will increase) such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary (including any net income (loss) from Investments recorded in such Person under the equity method of accounting), except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalent Investments actually distributed or that (as reasonably determined by an Officer of the Issuer) could have been distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment; *provided that*, for the purposes of clause (b) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*" such dividend, other distribution or return on investment does not reduce the amount of Investments outstanding under the definition of Permitted Investments;

(2) any gain (or loss), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized upon the sale or other disposition of any asset (including pursuant to any Sale and Leaseback Transaction) or disposed or discontinued operations of the Issuer or any Restricted Subsidiaries which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer);

(3) any and all extraordinary, exceptional, one-off, one-time, unusual or nonrecurring gains, losses, charges or expenses, including Transaction Expenses or any charges, expenses, losses or reserves in respect of any restructuring, redundancy or severance expense or relocation costs, one-time compensation charges, integration and facilities' opening costs and other business optimization expenses and operating improvements (including related to new product introductions and the build-out, renovation, opening and expansion of facilities), systems development and establishment costs, accruals or reserves (including restructuring and integration costs related to acquisitions after the Issue Date and adjustments to existing reserves), whether or not classified as restructuring

expense on the consolidated financial statements, all reasonable fees, costs and expenses incurred or payable in connection with a Change of Control or a Permitted Change of Control, signing costs, retention or completion bonuses, transition costs, losses related to closure/consolidation or disruption of facilities, losses associated with temporary decreases in work volume and expenses related to maintaining underutilized personnel and facilities (to the extent such disruption of facilities, temporary decreases in work volume and/or underutilized personnel and facilities are the result of an extraordinary, exceptional, one off, one-time, unusual or nonrecurring event or circumstance), losses arising from any natural disasters, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities), litigation or any asset impairment charges or any financial impact of natural disasters (including fire, flood and storm and related events) or other unusual events, contract terminations and professional and consulting fees incurred with any of the foregoing;

(4) the cumulative adverse effect of a change in law, regulation or, at the option of the Issuer, accounting principles, including any impact resulting from an election by the Issuer to apply GAAP at any time following the Issue Date;

(5) any (i) non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions or on the re-valuation of any benefit plan obligation; and (ii) income (loss) attributable to deferred compensation plans or trusts;

(6) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(7) any unrealized gains or losses in respect of any Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of any Hedging Obligations;

(8) any fees and expenses (including any transaction or retention bonus or similar payment) incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, disposition of assets or securities, issuance or repayment of Indebtedness, issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date, and any such transaction undertaken but not completed) and any charges or non-recurring merger costs incurred during such period as a result of any such transaction, in each case whether or not successful;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person, and any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any effect of any loss from the early extinguishment or cancellation of Indebtedness or any Hedging Obligations or other derivative instruments;

(11) any unrealized or realized gain or loss due solely to fluctuations in currency values and the related tax effects, determined in accordance with IFRS;

(12) any recapitalization accounting or purchase accounting effects, including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Issuer and the Restricted Subsidiaries), as a result of any consummated acquisition (including the Transaction), or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(13) any impairment charge, write-off or write-down, including impairment charges, write-offs or write-downs related to intangible assets, long-lived assets, goodwill, investments in debt or equity

securities (including any losses with respect to the foregoing in bankruptcy, insolvency or similar proceedings) and the amortization of intangibles arising pursuant to IFRS;

(14) accruals and reserves that are established or adjusted (including any adjustment of estimated payouts on existing earn-outs) that are so required to be established as a result of the Transactions in accordance with IFRS, or changes as a result of adoption or modification of accounting policies;

(15) any costs associated with the Transactions;

(16) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures and any deferred tax expense associated with tax deductions or net operating losses arising as a result of the Transactions, or the release of any valuation allowances related to such item;

(17) any (i) payments to third parties in respect of research and development, including amounts paid upon signing, success, completion and other milestones and other progress payments, to the extent expensed; and (ii) effects of adjustments to accruals and reserves during a period relating to any change in the methodology of calculating reserves for returns, rebates and other chargebacks (including government program rebates);

(18) any net gain (or loss) from disposed, abandoned or discontinued operations and any net gain (or loss) on disposal of disposed, discontinued or abandoned operations; and

(19) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding,

provided that, in addition, to the extent not already included in the Consolidated Net Income of such Person and its Subsidiaries that are Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, at the option of the Issuer Consolidated Net Income shall include (i) any expenses, charges or losses that are covered by indemnification or other reimbursement provisions in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed; and (ii) any amount to the extent covered by insurance (including business interruption insurance) so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer.

"*Consolidated Senior Secured Net Leverage Ratio*" means, as of any date of determination, the ratio of:

(a) the sum of:

(i) Senior Secured Indebtedness as of such date; and

(ii) for the purposes of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and paragraph (b)(iii) of the definition of "*Permitted Collateral Liens*" and only as required by the Indenture (and, for the avoidance of doubt, not for the purposes of the calculation of any other Applicable Metric) the Reserved Indebtedness Amount in respect of Indebtedness which, once Incurred, will constitute Senior Secured Indebtedness,

less the aggregate amount of cash, Cash Equivalent Investments (which may include any cash that collateralizes guarantee or letter of credit facilities of the Issuer or any Restricted Subsidiary), Temporary Cash Investments and Investment Grade Securities of the Issuer and the Restricted Subsidiaries on a consolidated basis; to

(b) LTM EBITDA,

in each case, *provided that* the Issuer may include at its option such *pro forma* adjustments as are consistent with the *pro forma* adjustments set forth in the definition of "*Fixed Charge Coverage Ratio*" and (without duplication) any other *pro forma* adjustments permitted by the Indenture and *further provided that* any *pro forma* calculation shall not give effect to:

(i) any Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clauses (1)(B), (5)(B)(i) and (5)(B)(ii)(III) thereof);

(ii) any Indebtedness Incurred pursuant to clause (4)(A) (and in respect thereof, paragraph (4)(C)(i)) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; or

(iii) the discharge on such determination date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" (other than the discharge of Indebtedness Incurred pursuant to clauses (1)(B), (5)(B)(i) and (5)(B)(ii)(III) thereof),

and for the purposes of clause (5)(B)(ii)(III) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and the calculation thereunder of the Consolidated Senior Secured Net Leverage Ratio immediately prior to any relevant transaction only, Indebtedness shall be increased by an amount equal to all debt Incurred or permitted to be Incurred under the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" if permitted to constitute Senior Secured Indebtedness.

"*Consolidated Total Indebtedness*" means, as of any date of determination, the aggregate principal amount of Indebtedness for borrowed money, but excluding any Indebtedness under or with respect to Cash Management Services, Ancillary Facilities under the Revolving Credit Facility Agreement, intercompany Indebtedness of the Group, Hedging Obligations, Receivables Facilities or Securitization Facilities.

"*Consolidated Total Net Leverage Ratio*" means, as of any Applicable Test Date, the ratio of:

(a) the sum of:

(i) Consolidated Total Indebtedness as of such date; and

(ii) for the purposes of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and only as required by the Indenture (and, for the avoidance of doubt, not for the purposes of the calculation of any other Applicable Metric) the Reserved Indebtedness Amount in respect of Indebtedness which, once Incurred, would be included in the calculation of Consolidated Total Indebtedness,

less the aggregate amount of cash, Cash Equivalent Investments (which may include any cash that collateralizes guarantee or letter of credit facilities of the Issuer or any Restricted Subsidiary), Temporary Cash Investments and Investment Grade Securities of the Issuer and the Restricted Subsidiaries on a consolidated basis; to

(b) LTM EBITDA,

in each case, *provided that* the Issuer may include at its option such *pro forma* adjustments as are consistent with the *pro forma* adjustments set forth in the definition of "*Fixed Charge Coverage Ratio*" and (without duplication) any other *pro forma* adjustments permitted by the Indenture and *further provided that* any *pro forma* calculation shall not give effect to:

(i) any Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clauses (1)(D), (5)(B)(i) and (5)(B)(ii)(I) thereof);

(ii) any Indebtedness Incurred pursuant to clause (4)(A) (and in respect thereof, paragraph (4)(C)(i)) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; or

(iii) the discharge on such determination date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" (other than the discharge of Indebtedness Incurred pursuant to clauses (1)(D), (5)(B)(i) and (5)(B)(ii)(I) thereof),

and for the purposes of clause (5)(B)(ii)(I) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and the calculation thereunder of the Consolidated Total Net Leverage Ratio immediately prior to any relevant transaction only, Indebtedness shall be increased by an amount equal to all debt Incurred or permitted to be Incurred under the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*."

"*Consolidated Total Secured Indebtedness*" means, as of any date of determination, the aggregate principal amount of Indebtedness for borrowed money secured on the Collateral by a Permitted Collateral Lien, but excluding any Indebtedness under or with respect to Cash Management Services, Ancillary Facilities under the Revolving Credit Facility Agreement, intercompany Indebtedness of the Group, Hedging Obligations, Receivables Facilities or Securitization Facilities.

"*Consolidated Total Secured Net Leverage Ratio*" means, as of any Applicable Test Date, the ratio of:

(a) the sum of:

(i) Consolidated Total Secured Indebtedness as of such date; and

(ii) for the purposes of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and only as required by the Indenture (and, for the avoidance of doubt, not for the purposes of the calculation of any other Applicable Metric) the Reserved Indebtedness Amount in respect of Indebtedness which, once Incurred, would be included in the calculation of Consolidated Total Secured Indebtedness,

less the aggregate amount of cash, Cash Equivalent Investments (which may include any cash that collateralizes guarantee or letter of credit facilities of the Issuer or any Restricted Subsidiary), Temporary Cash Investments and Investment Grade Securities of the Issuer and the Restricted Subsidiaries on a consolidated basis; to

(b) LTM EBITDA,

in each case, *provided that* the Issuer may include at its option such *pro forma* adjustments as are consistent with the *pro forma* adjustments set forth in the definition of "*Fixed Charge Coverage Ratio*" and (without duplication) any other *pro forma* adjustments permitted by the Indenture and *further provided that* any *pro forma* calculation shall not give effect to:

(i) any Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clauses (1)(D), (5)(B)(i) and (5)(B)(ii)(II) thereof);

(ii) any Indebtedness Incurred pursuant to clause (4)(A) (and in respect thereof, paragraph (4)(C)(i)) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; or

(iii) the discharge on such determination date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" (other than the discharge of Indebtedness Incurred pursuant to clauses (1)(D), (5)(B)(i) and (5)(B)(ii)(II) thereof),

and for the purposes of clause (5)(B)(ii)(II) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and the calculation thereunder of the Consolidated Total Secured Net Leverage Ratio immediately prior to any relevant transaction only, Indebtedness shall be increased by an amount equal to all debt Incurred or permitted to be Incurred under the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" if permitted to constitute Senior Secured Indebtedness or Junior Secured Indebtedness.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease (subject, as applicable, to the Election Option), dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "**primary obligor**"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Controlled Investment Affiliate*" means, as to any Person, any other Person, which directly or indirectly is in control of, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the Issuer and/or other companies.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, indentures, instruments or other arrangements (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, other financial institutions, funds, governmental or quasi-governmental agencies or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions 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 (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default; *provided that* any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Issuer or any Restricted Subsidiary) of non-cash consideration received by the Issuer or any of the 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 or Cash Equivalent Investments 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 Preferred Stock*" means Preferred Stock of the Issuer or a Parent Entity (other than Disqualified Stock) 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 that is designated as "Designated Preferred Stock" 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 (b)(iii) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*."

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Issuer or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise; or

(2) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided that* (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*Certain Covenants—Limitation on Restricted Payments*"; *provided further that* if such Capital Stock is issued to any future, current or former employee, director, officer, contractor or consultant (or their respective Controlled Investment Affiliates (excluding the Permitted Holders (but not excluding any future, current or former employee, director, officer, contractor or consultant) or Immediate Family Members), of the Issuer, any of its Subsidiaries, any Parent Entity or any other entity in which the Issuer or a Restricted Subsidiary has an Investment and is designated in good faith as an "*affiliate*" by the Board of Directors (or the compensation committee thereof) or any other plan for the benefit of current, former or future employees (or their respective Controlled Investment Affiliates or Immediate Family Members)) of the Issuer or its Subsidiaries or by any such plan to such employees (or their respective Controlled Investment Affiliates or Immediate Family Members), such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory, contractual or regulatory obligations.

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer (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 of the Issuer or any of the Restricted Subsidiaries by any Parent Entity in any form other than Indebtedness or Excluded Contributions or Excluded Amounts.

"*Escrowed Proceeds*" means the proceeds from the offering or incurrence of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events, *provided that* the term "*Escrowed Proceeds*" shall include any interest earned on the amounts held in escrow.

"*Euro*" or "*€*" means the single currency of participating member states of the economic and monetary union as contemplated in the Treaty on the European Union.

"*Euroclear*" means Euroclear Bank SA/NV or any successor thereof.

"*European Government Obligations*" means any security denominated in Euro that is (1) a direct obligation of any country that is a member of the European Monetary Union and whose long-term debt is rated "A-1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another Nationally Recognized Statistical Rating Organization on the 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*" means The International Stock Exchange.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets (other than Excluded Amounts and Shareholder Funding) received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Issuer after the Acquisition Closing 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 their employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preferred Stock or Subordinated Shareholder Funding of the Issuer after the Acquisition Closing Date), in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*fair market value*" wherever such term is used in this "*Description of the Notes*" or the Indenture (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 Board of Directors in good faith, and may take into consideration the fair market value of a group of assets being transferred and any liabilities, encumbrances or restrictions relating to such assets.

"*Fitch*" means Fitch Ratings, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person on any determination date, the ratio of LTM EBITDA to the Fixed Charges of such Person for the Relevant Testing Period *provided that*, for purposes of calculating the Fixed Charge Coverage Ratio, Fixed Charges may, at the Issuer's options, exclude any interest expenses related to leases incurred during the reference period. In the event that the Issuer or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or has caused any Reserved Indebtedness Amount to be deemed to be Incurred during such Relevant Testing Period or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the Relevant Testing Period but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "**Fixed Charge Coverage Ratio Calculation Date**"), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, deemed Incurrence, assumption, Guarantee, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the Relevant Testing Period; *provided that* the *pro forma* calculation shall not give effect to (a) any Fixed Charges attributable to Indebtedness Incurred on such determination 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) thereof); (b) any Fixed Charges attributable to Indebtedness Incurred pursuant to clause (4)(A) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; or (c) Fixed Charges attributable to any Indebtedness discharged on such determination date to the extent that such discharge results from the proceeds 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 Incurred pursuant to clause (5)(A) thereof).

For purposes of making the computation referred to above, any Permitted Acquisitions, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and disposed or discontinued operations that have been made by the Issuer or any of the Restricted Subsidiaries, during the Relevant Testing Period or subsequent to the Relevant Testing Period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall, at the option of the Issuer, be calculated on a *pro forma* basis assuming that all such Permitted Acquisitions, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in LTM EBITDA resulting therefrom) had occurred on the first day of the Relevant Testing Period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged or amalgamated with or into the Issuer or any of the Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, amalgamation, consolidation, disposed or discontinued operation had occurred at the beginning of the Relevant Testing Period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or chief accounting officer of the Issuer (and may include synergies, cost savings, restructuring charges and expenses, revenues, revenue enhancements, capacity or capacity utilization increases, expense reductions, operating improvements or other similar or other adjustments or initiatives, including (but not limited to) from the result of a disposition or ceased or discontinued operations, as though such synergies, cost savings, restructuring charges and expenses, revenues, revenue enhancements, capacity or capacity utilization increases, expense reductions, operating improvements or other similar or other adjustments or initiatives had been fully achieved on the first day of the Relevant Testing Period). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated, at the Issuer's option, either (x) as if the rate in effect on the determination date had been the applicable rate for the entire Relevant Testing Period or (y) using the average rate in effect over the Relevant Testing Period, in each case taking into account any Hedging Obligations applicable to such Indebtedness. As determined in accordance with the Election Option (as applicable), interest on a lease (including any Capitalized 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 in accordance with IFRS. For purposes of making the computation referred to above or any other computation of the Fixed Charge Coverage Ratio, interest on any Indebtedness under a revolving credit facility or any other Credit Facility available to be redrawn (including the Revolving Facility) may, at the Issuer's option, be excluded from such computation. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Issuer may designate.

For the purposes of this definition, Consolidated Interest Expense will be calculated using an assumed interest rate based on the indicative margin contained in any financing commitment documentation with respect to such Indebtedness or, if no such indicative margin exists, as reasonably determined by the Issuer in good faith.

"*Fixed Charges*" means, with respect to any Person for any period, the sum of:

(1) Consolidated Interest Expense other than (at the Issuer's option) with respect to Indebtedness under or with respect to Cash Management Services, Ancillary Facilities under the Revolving Credit Facility Agreement, intercompany Indebtedness of the Group, Hedging Obligations, Receivables Facilities or Securitization Facilities and any Indebtedness which is available to be or may be redrawn (including, but not limited to, the Revolving Facility and any other revolving facility (however so described)) of such Person for such period;

(2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock of any Restricted Subsidiary of such Person during such period; and

(3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period.

"*Funding Loan*" means the intercompany loan made by the Issuer to the Target with a portion of the proceeds of the Notes on the Acquisition Closing Date, as described in this Offering Memorandum under "*Summary—The Transactions*," as amended, accreted or partially repaid from time to time.

"*GAAP*" means generally accepted accounting principles in the United States of America.

"*Group*" means the Issuer and each of its Restricted Subsidiaries from time to time.

"*Group Initiative*" means any action or step (including any restructuring, reorganization, new or revised contract, the acquisition, opening and/or development of any facility, product line, contract or operation, capacity increase, capacity utilization increase or similar or other initiative) taken, commenced or committed to be taken by the Group.

"*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 keepwell, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided that the term "guarantee" will not include (x) endorsements for collection or deposit in the ordinary course of business or consistent with past practice and (y) standard contractual indemnities or product warranties provided in the ordinary course of business, and *provided further* that the amount of any Guarantee shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (ii) the maximum amount for which such guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee or, if such Guarantee is not an unconditional guarantee of the entire amount of the primary obligation and such maximum amount is not stated or determinable, the amount of such guaranteeing Person's maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The term "guarantee" used as a verb has a corresponding meaning.

"*Guarantee*" means the joint and several guarantee of the obligations under the Notes and the Indenture on a senior secured basis by a Restricted Subsidiary subsequent to the Issue Date.

"*Guarantor*" means any Restricted Subsidiary that Guarantees the Notes, until such Guarantee is released in accordance with the terms of the Indenture.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate hedge agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, commodity purchase agreement, commodity futures or forward agreement, commodity option agreement, commodities derivative agreement, foreign exchange agreement, currency swap agreement, currency futures agreement, currency option agreement, currency derivative or similar agreements providing for the transfer or mitigation of interest rate, commodity price or currency risks either generally or under specific contingencies.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of the common depositary for Euroclear or Clearstream, as applicable.

"*Holding Company*" means, in relation to a company, corporation or any other entity, any other Issuer, corporation or entity 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 the Restricted Subsidiaries are, or may be, required to comply, as in effect on the Issue Date or, with respect to the information undertakings described under "*Certain Covenants—Reports*", as in effect from time to time, *provided that* (a) except as otherwise set forth in the Indenture all ratios and calculations based on IFRS (or, as applicable, GAAP) contained in the Indenture shall be computed in accordance with IFRS as in effect on the Issue Date (or, as applicable, GAAP as in effect at the date specified by the Issuer in its election to adopt GAAP in accordance with sub-clause (c) below); (b) at any time after the Issue Date, the Issuer may elect to implement any new measures or other changes to IFRS (or, as applicable, GAAP) in effect on or prior to the date of such election; *provided further that* any such election, once made, shall be irrevocable; (c) at any time after the Issue Date, the Issuer may elect to apply GAAP accounting principles in lieu of IFRS and, upon any such election, references herein to IFRS shall be construed to mean GAAP (except as otherwise provided in the Indenture), including as to the ability of the Issuer to make an election pursuant to the previous sentence; *provided further that*: (i) any such election, once made, shall be irrevocable; (ii) any calculation or determination in the Indenture that require the application of IFRS for periods that include fiscal quarters ended prior to the Issuer's election to apply GAAP shall remain as previously calculated or determined in accordance with IFRS; *provided that* the Issuer may only make such election if it also elects to report any subsequent financial reports required to be made by the Issuer; and (iii) the Issuer shall give notice of any such election made in accordance with this definition to the Trustee; and (d) notwithstanding any of the foregoing: (i) or any other provision to the contrary in a Note Document, (and whether or not IFRS has been adopted) in relation to the making of any determination or calculation of any definition or under the Indenture, the Issuer (or other applicable member of the Group) may elect (the "**Election Option**"), from time to time and each time, either (A) to apply IFRS 16 (*Leases*) or (B) to apply IAS 17 (*Leases*) (or, in each case, the equivalent measure under GAAP) to the making of such determination or calculation (*provided* that for the avoidance of doubt, in connection with any determination hereunder which is based upon the calculation of more than one component, including any determination in respect of the Fixed Charge Coverage Ratio, Consolidated Senior Secured Net Leverage Ratio and Consolidated

Total Net Leverage Ratio, all such components shall be calculated on a consistent basis, applying the same accounting standard); and (ii) any adverse impact directly or indirectly relating to or resulting from the implementation of IFRS 15 (*Revenue from Contracts with Customers*) or IFRS 16 (*Leases*) and in each case any successor standard thereto (or any equivalent measure under GAAP) may be disregarded with respect to all ratios, calculations and determinations based upon GAAP or IFRS (whether or not IFRS has been adopted) to be calculated or made, as the case may be, pursuant to the Indenture, (other than, for the avoidance of doubt, in relation to the information undertakings described under "*Certain Covenants—Reports*").

"*Immaterial Subsidiary*" means, at any date of determination, each Restricted Subsidiary of the Issuer that (a) has not Guaranteed any other Indebtedness of the Issuer; and (b) has LTM EBITDA of less than 5.0% of LTM EBITDA of the Issuer and the Restricted Subsidiaries taken as a whole, in each case, measured at the end of the Relevant Testing Period and revenues on a *pro forma* basis giving effect to any acquisitions or dispositions of companies, division or lines of business since such balance sheet date or the start of such Relevant Testing Period, as applicable, and on or prior to the date of acquisition of such Subsidiary.

"*Immediate Family Members*" means, with respect to any individual, such individual's child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, qualified domestic partner, sibling, mother-in-law, father-in-law, son-in-law and daughter-in-law (including adoptive relationships) and any trust, partnership or other bona fide estate-planning vehicle the only beneficiaries of which are any of the foregoing individuals or any private foundation or fund that is controlled by any of the foregoing individuals or any donor-advised fund of which any such individual is the donor.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided that* any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, amalgamation, 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 the definition of "Reserved Indebtedness Amount" and related provisions.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables or similar obligation, including accrued expenses owed, to a trade creditor), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided that* the amount of such Indebtedness will be the lesser of (x) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (y) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of the type referred to in paragraphs (1), (2), (3), (4) and (5) above and paragraph (9) below of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement),

with respect to paragraphs (1), (2), (4) and (5) above, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with IFRS *provided that* Indebtedness of any Parent entity appearing upon the balance sheet of the Issuer prepared on the basis of the IFRS shall be excluded. The amount of Indebtedness of any Person at any time under any revolving credit facility or other Credit Facility available to be redrawn (including the Revolving Facility) shall be the total amount of cash funds borrowed and then outstanding; *provided that* for the purposes of calculating of the Consolidated Senior Secured Net Leverage Ratio, the Consolidated Total Secured Net Leverage Ratio and the Consolidated Total Net Leverage Ratio the Issuer may at its option, in determining the amount of Indebtedness of any Person at any time, exclude the commitment or Incurrence of any Indebtedness under any revolving facility or letter of credit facility or any other Credit Facility available to be redrawn (including under any Revolving Facility or Ancillary Facility (as defined in the Revolving Credit Facility Agreement)). The amount of any Indebtedness outstanding as of any date shall be (A) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (B) the principal amount of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness. Indebtedness represented by loans, notes or other debt instruments ("*proceeds on-loan debt*") 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 ("*primary debt*"), *provided that* the proceeds on-loan debt shall only be excluded to the extent that the corresponding primary debt is included.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(a) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice;

(b) Cash Management Services;

(c) any lease, concession or license of property (or Guarantee thereof) which would, in accordance with the Election Option, be considered an operating lease or any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice;

(d) 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;

(e) in connection with the purchase by the Issuer or any Restricted Subsidiary of any assets business or undertaking (whether entered into before, on, or after the Issue Date), any other Permitted Acquisition, 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 assets, business or undertaking after the closing; *provided that*, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid in a timely manner;

(f) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(g) obligations under or in respect of Qualified Securitization Financings or Receivables Facilities;

(h) Indebtedness of any Parent Entity appearing on the balance sheet of the Issuer solely by reason of push down accounting under IFRS;

(i) Capital Stock (other than Disqualified Stock of the Issuer and Preferred Stock of a Restricted Subsidiary);

(j) amounts owed to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries, taken as a whole, that complies with the covenants described under "*Merger and Consolidation*";

(k) Subordinated Shareholder Funding;

(l) indebtedness of the Issuer or any of the Restricted Subsidiaries arising pursuant to any Permitted Tax Restructuring;

(m) any joint and several liability or any netting or set-off arrangement arising in each case by operation of law as a result of the existence or establishment of a fiscal unity for corporate income tax, trade tax, value added tax or other taxes or similar purposes, profit and loss pooling, cash pooling, tax sharing or other similar arrangements or any analogous arrangement in any jurisdiction of which the Issuer or a Restricted Subsidiary is or becomes a member, operates in, has transactions or dealings in or otherwise has a presence in;

(n) liabilities in relation to the minority interests line in the balance sheet of any member of the Group;

(o) non-interest bearing instalment obligations Incurred in the ordinary course of business that are not more than 120 days past due and any accrued expenses and trade payables;

(p) (A) guarantees, letters of credit (to the extent not drawn or satisfied within 60 days of such drawing) or similar instruments in respect of any leases or provided to suppliers in the ordinary course of business (or provided to credit insurers relating to ordinary course of business payables of the Issuer and its Restricted Subsidiaries), (B) other Indebtedness in respect of standby letters of credit, performance bonds or surety bonds provided by the Issuer or any Restricted Subsidiary in the ordinary course of business to the extent such letters of credit or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and, if to be reimbursed, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or bond, or (C) any utilization of a Credit Facility drawn to fund original issue discount; and

(q) Indebtedness Incurred by the Issuer or any Restricted Subsidiary in connection with a transaction where (A) such indebtedness is borrowed from a bank or trust company, having a combined capital and surplus and undivided profits of not less than €250 million, whose debt has a rating immediately prior to the time such transaction is entered into, of at least "A" or the equivalent thereof by S&P and "A-2" or the equivalent thereof by Moody's and (B) a substantially concurrent Investment is made by the Issuer or a Restricted Subsidiary in the form of cash deposited with the lender of such indebtedness, or a Subsidiary or Affiliate thereof, in amount equal to such indebtedness.

"*Independent Financial Advisor*" means an investment banking or accounting firm or consultancy to Persons engaged in Similar Businesses of international standing or any third party appraiser of international standing; *provided that* such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Investors*" means:

(a) individually or collectively, one or more investment funds, co-investment vehicles, limited partnerships, other similar vehicles or accounts and/or other entities in each case advised or managed by the Sponsor and, in each case, any of their successors, Affiliates or direct or indirect Subsidiaries (but excluding, in each case, any portfolio company which is an obligor (and any of its Subsidiaries) in respect of any third party financing provided to that portfolio company (or any of its Subsidiaries) in which such investment funds, limited partnerships and other entities advised or managed by the Sponsor or such Affiliates, Subsidiaries or investors hold an investment or interest in);

(b) Mr. Luca Spada; and

(c) any director, officer or member of the management of the Group having a (direct or indirect) interest in the Issuer (including by way of reinvestment on a non-cash basis).

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of a member of the Group, a Pushdown Entity (as defined in the Intercreditor Agreement) or any Parent Entity or any successor of such member of the Group, Pushdown Entity or any Parent Entity, 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, the "**IPO Entity**") following which there is a public market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on a Regulated Market, or any other sale or issue by way of listing, flotation or public offering or any equivalent circumstances in relation to the IPO Entity in any jurisdiction or country.

"*Intercreditor Agreement*" means the intercreditor agreement dated on or around the Issue Date as amended from time to time, by and among, *inter alios*, the Issuer, certain of its Subsidiaries, the Security Agent and the Trustee.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of advances, loans 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 prepared on the basis of IFRS; *provided that* endorsements of negotiable instruments and documents in the ordinary course of business or consistent with past practice will not be deemed to be an Investment.

For purposes of "*Certain Covenants—Limitation on Restricted Payments*" and "*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*":

(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 by 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, sale 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 of America or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully Guaranteed or insured by the European Union or a member of the European Union, Australia, Japan, Norway, Switzerland or the United Kingdom or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(4) Investments in any fund that invests exclusively in investments of the type described in paragraphs (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 paragraphs (1), (2), and (3) above which are collateralized at par or over.

"*Investment Grade Status*" shall occur when the Notes receive two of the following:

(1) a rating of "BBB-" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; or

(3) a rating of "BBB-" or higher from Fitch,

or the equivalent of such rating by such rating organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means October 21, 2021.

"*Issuer*" means Zoncolan Bidco S.p.A. and any and all successors thereto in accordance with the Indenture (including, for the avoidance of doubt, subsequent to the Post-Completion Merger, MergerCo). Following the Post-Completion Merger, any reference in this "Description of the Notes" to the Issuer shall be deemed to refer to MergerCo.

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

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien, hypothecation or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof); *provided that* in no event shall an operating lease (subject, as applicable, to the Election Option) to be deemed to constitute a Lien.

"*LTM EBITDA*" means Consolidated EBITDA of the Issuer measured for the Relevant Testing Period ending prior to the date of such determination, in each case with such *pro forma* adjustments giving effect to such Indebtedness, acquisition or Investment, as applicable, since the start of such Relevant Testing Period and as are consistent with the *pro forma* adjustments set forth in the definition of "*Fixed Charge Coverage Ratio*" and otherwise contemplated by the Indenture; *provided that* in the event any indebtedness, loan, investment, disposal, guarantee, payment or other transaction is committed, incurred or made by any member of the Group based on the amount of LTM EBITDA as of that Applicable Test Date, that indebtedness, loan, investment, disposal, guarantee, payment or other transaction shall not constitute, or be deemed to constitute, or result in, a breach of any provision of the Indenture or the other Note Documents if there is a subsequent change in the amount of LTM EBITDA.

"*Management Advances*" means loans, advances or other payments made to, or Guarantees with respect to loans, advances or other payments made to, directors, officers, employees, contractors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of any Parent Entity, the Issuer or any Restricted Subsidiary, or to any management equity plan, stock option plan, any other management or employee benefit, bonus or incentive plan or any trust, partnership or other entity of, established for the benefit of or the beneficial owner of which (directly or indirectly) is, any of the foregoing:

(1) in respect of any expenses (including travel, entertainment or moving related expenses) Incurred in the ordinary course of business or consistent with past practice;

(2) for purposes of funding any such Person's purchase (or the purchase by any management equity plan) of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent Entity with the approval of the Board of Directors of the Issuer or otherwise relating to any management equity plan, stock option plan any other management or employee benefit bonus or incentive plan;

(3) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(4) not exceeding the greater of (i) €9 million and (ii) 7.5% of LTM EBITDA in the aggregate outstanding as at the applicable time.

"*Management Stockholders*" means the current or former officers, directors, employees and other members of the management of, or consultants to, any Parent Entity, the Issuer or any of their respective Subsidiaries or spouses, family members or relatives thereof, or any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent Entity or participate in an employee arrangement that tracks equity value and is designed to distribute amounts based on a sale, share repurchase, dividend or other shareholder exit event.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Material Intellectual Property*" means the brand name "EOLO," as evidenced by the trademarks and associated logos and symbols in respect thereof, whether registered or unregistered; *provided* that no security interest shall be granted in the United States in U.S. intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of any registration issuing from such intent-to-use trademark applications under applicable U.S. federal law.

"*MEP*" means any management equity plan, employee benefit scheme, incentive scheme or other similar or equivalent arrangement (in each case whether implemented or to be implemented).

"*MEP Payment*" means any payment or transaction which is, or which is to be made, entered into or used directly or indirectly (or to facilitate any such step or payment) (a) to make payment to a member of any MEP (including payments to members leaving any MEP) or any trust or other Person in respect of any MEP, incentive scheme or similar arrangement or pay any costs and expenses properly incurred in the establishing and maintaining of any MEP, incentive scheme or similar arrangement (*provided further that*, for the avoidance of doubt, nothing in the Note Documents shall prohibit any payments to, or the acquisition of shares or other interests or investments of, employees or management) and/or (b) for repayment or refinancing of amounts outstanding under any loan made in connection with an MEP, incentive scheme or similar arrangement or capitalization of such loans.

"*MergerCo*" means the entity resulting from the Post-Completion Merger.

"*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) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid, reasonably estimated to be actually payable or accrued as a liability under IFRS (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Issuer and after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition, including distributions for Related Taxes;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by 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 Entity, the Issuer or any of its respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition;

(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; and

(5) any funded escrow established pursuant to the documents evidencing any such sale or disposition to secure any indemnification obligations or adjustments to the purchase price associated with any such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or reasonably estimated to be actually payable as a result of such issuance or sale (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Issuer and after taking into account any available tax credit or deductions and any tax sharing agreements, and including distributions for Related Taxes and Permitted Tax Distributions).

"*Notes Documents*" means the Notes (including Additional Notes), the Indenture (including the future Guarantees), the Security Documents, the Escrow Agreement, the Escrow Charge, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Obligations*" means any principal, interest (including Post-Petition Interest and fees accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or any Guarantor whether or not a claim for Post-Petition Interest or fees is allowed in such proceedings), penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering Memorandum*" means this offering memorandum, dated as of October 21, 2021, relating to the offering of the Notes.

"*Officer*" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Assistant Treasurer, any Managing Director, the Secretary or any Assistant 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" or "authorized signatory" with respect to such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel that is reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Original Revolving Facility*" means the "Original Facility" as such term is defined in the Revolving Credit Facility Agreement.

"*Parent Entity*" means any direct or indirect parent of the Issuer.

"*Parent Entity Expenses*" means:

(1) costs (including all legal, accounting and other professional fees and expenses) Incurred by any Parent Entity 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, any agreement or instrument relating to any Indebtedness of the Issuer or any Restricted Subsidiary (including the Revolving Credit Facility, any Notes), including in respect of any reports filed or delivered with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent Entity owing to directors, officers, employees or other Persons under its articles, charter, by-laws, partnership agreement or other organizational documents or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent Entity in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) any (i) general corporate overhead expenses, including all legal, accounting and other professional fees and expenses, (ii) other operational expenses of any Parent Entity related to the ownership or operation of the business of the Issuer (including in relation to expenses and costs of the Third Party

Security Provider) or any of its Subsidiaries (iii) costs and expenses with respect to the ownership, directly or indirectly, by any Parent Entity, (iv) costs and expenses with respect to the maintenance of any equity incentive or compensation plan, (v) any Taxes and other fees and expenses required to maintain such Parent Entity'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 Entity and (vi) costs and expenses to reimburse reasonable out-of-pocket expenses of the Board of Directors of such Parent Entity;

(5) expenses Incurred by any Parent Entity in connection with (i) any offering, sale, conversion or exchange of Subordinated Shareholder Funding, Capital Stock or Indebtedness and (ii) any related compensation paid to officers, directors and employees of such Parent Entity;

(6) other fees, costs, expenses and payments relating directly or indirectly to the Issuer and its Subsidiaries or any Parent Entity or any other Person and, other than any fees, costs, expenses or payments incurred in the ordinary course of its business, in an amount not to exceed the greater of €9 million or 7.5% of LTM EBITDA in any fiscal year; and

(7) amounts to finance Investments that would otherwise be permitted to be made pursuant to the covenant described under "*Certain Covenants—Limitation on Restricted Payments*" if made by the Issuer or a Restricted Subsidiary, *provided that*: (i) such Restricted Payment shall be made substantially concurrently with the closing of such Investment; (ii) such direct or indirect parent Issuer shall, immediately following the closing thereof cause (I) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Issuer or one of the Restricted Subsidiaries or (II) the merger, consolidation or amalgamation of the Person formed or acquired into the Issuer or one of the Restricted Subsidiaries in order to consummate such Investment; (iii) such direct or indirect parent Issuer and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture and such consideration or other payment is included as a Restricted Payment under the Indenture; (iv) any property received by the Issuer shall not increase amounts available for Restricted Payments pursuant to clause (b) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*" or be an Excluded Contribution or Excluded Amounts; and (v) such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to a provision of the covenant described in "*Certain Covenants—Limitation on Restricted Payments*" or pursuant to the definition of "Permitted Investment."

"*Pari Passu Indebtedness*" means Indebtedness (i) of the Issuer which ranks equally in right of payment to the Notes or (ii) of any Guarantor which ranks equally in right of payment to the Guarantee of such Guarantor.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalent Investments between the Issuer or any of the Restricted Subsidiaries and another Person; *provided that* any cash or Cash Equivalent Investments received in excess of the value of any cash or Cash Equivalent Investments sold or exchanged must be applied in accordance with the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Permitted Change of Control*" means any Change of Control that does not constitute a Change of Control Triggering Event.

"*Permitted Acquisition*" means any Permitted Investment under paragraphs (a)(ii) or (b) of the definition of Permitted Investment or any other acquisition or investment not prohibited by (or otherwise approved under) the terms of the Indenture.

"*Permitted Collateral Liens*" means Liens on the Collateral:

(a) that are described in one or more of paragraphs (b), (c), (d), (e), (f), (g), (h), (j), (k), (l), (n), (o), (p), (q), (r), (x), (u), (v), (y), (z), (aa), (bb), (ff), (hh), (jj), (kk), (ll), (mm), (nn), (oo), (other than paragraphs (iii) and (iv) thereof) (pp), (qq) and (to the extent that it applies to one of the foregoing paragraphs) (rr) of the definition of "Permitted Liens" and Liens arising by operation of law that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral;

(b) to secure all obligations (including paid-in-kind interest) in respect of:

(i) the Notes (other than Additional Notes) and any Guarantees in respect thereof;

(ii) Indebtedness described under clauses (1)(A) and (6) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" which Indebtedness may have super senior priority status in respect of the proceeds from the enforcement of the Collateral and certain distressed disposals of assets;

(iii) Indebtedness described under the first paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*", *provided that* if such Indebtedness constitutes Senior Secured Indebtedness, after giving *pro forma* effect thereto, the Consolidated Senior Secured Net Leverage Ratio of the Issuer and the Restricted Subsidiaries does not exceed 3.4:1.00;

(iv) Indebtedness described under clause (2) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*", to the extent that such Guarantee is in respect of Indebtedness otherwise permitted to be secured by a Permitted Collateral Lien;

(v) Indebtedness described under clauses (1)(B), (1)(C), (4), (5), (6), (7) (other than with respect to Capitalized Lease Obligations), (10), (13), (20) or (21) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; or

(vi) any Refinancing Indebtedness in respect of Indebtedness referred to in paragraphs (i) to (v) above; or

(c) Incurred in the ordinary course of business of the Issuer or any of the Restricted Subsidiaries with respect to outstanding obligations that in total do not exceed the greater of (i) €6 million and (ii) 5.0% of LTM EBITDA,

provided that, in the case of paragraphs (b) and (c) above, each of the secured parties to any such Indebtedness that exceeds an aggregate amount equal to the greater of (x) €23 million and (y) 20.0% of LTM EBITDA and is outstanding for more than 120 days (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement if it is to share the Collateral and *provided further that* for purposes of determining compliance with this definition, in the event that a Permitted Collateral Lien meets the criteria of more than one of the categories of Permitted Collateral Liens described in paragraphs (a) through (c) above, the Issuer will be permitted to classify such Permitted Collateral Lien on the date of its incurrence and reclassify such Permitted Collateral Lien at any time and in any manner that complies with this definition and *provided further that* Permitted Collateral Liens may not have super senior priority status in respect of the proceeds from the enforcement of the Collateral or a distressed disposal of assets, other than as permitted by paragraph (b)(ii) above, save that nothing in this definition shall prevent lenders under any Credit Facilities from providing for any ordering of payments under the various tranches of such Credit Facilities.

"*Permitted Holders*" means, collectively, (i) the Initial Investors, (ii) any one or more Persons, together with such Persons' Affiliates, whose acquisition of beneficial ownership constitutes or results in a Change of Control Triggering Event in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture, (iii) the Management Stockholders, (iv) any Person who is acting solely as an underwriter in connection with a public or private offering of Capital Stock of any IPO Entity, acting in such capacity, (v) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act as in effect on the Issue Date) of which any of the foregoing are members; *provided that*, in the case of such group and without giving effect to the existence of such group or any other group, no Person or other "group" (other than Persons referred to in sub-clauses (i) through (iv), collectively) has beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any Parent Entity held by such group, and (vi) any Related Person of any of the Persons referred to in paragraphs (i), (ii) and (iii) above. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control which is not a Change of Control Triggering Event, will thereafter, together with its Affiliates and Related Persons, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any of the Restricted Subsidiaries):

(a) Investments in (i) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (ii) a Person (including the Capital Stock of any such Person) that will, upon the making of such Investment, become a Restricted Subsidiary;

(b) Investments in another Person and as a result of such Investment such other Person is merged, amalgamated, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(c) Investments in cash or Cash Equivalent Investments, Temporary Cash Investments or Investment Grade Securities;

(d) 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;

(e) 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;

(f) Management Advances;

(g) 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 in exchange for any other Investment or accounts receivable held by the Issuer or any such 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 or otherwise with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(h) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, or through the provision of any services including an Asset Disposition;

(i) Investments existing or pursuant to agreements or arrangements in effect or existence on the Issue Date or, with respect to the Target, on the Acquisition Closing Date, and any modification, replacement, renewal or extension thereof; *provided that* the amount of any such Investment may not be increased except (i) as required by the terms of such Investment as in existence on the Issue Date or, with respect to the Target, on the Acquisition Closing Date, (ii) as otherwise permitted under the Indenture;

(j) Hedging Obligations, which transactions or obligations are Incurred in compliance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*";

(k) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*Certain Covenants—Limitation on Liens*";

(l) 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 Entity as consideration or the proceeds of the issuance or incurrence thereof;

(m) 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 sub-paragraphs (1), (3), (6), (7), (8), (9), (12) and (14) thereof);

(n) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business or consistent with past practices, and in accordance with the Indenture;

(o) any Guarantees of Indebtedness 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; and performance guarantees with respect to obligations that are not prohibited by the Indenture;

(p) Investments consisting of earnest money deposits required in connection with a purchase agreement, or letter of intent, or other acquisitions to the extent not otherwise prohibited by the Indenture;

(q) (A) Investments of a Restricted Subsidiary acquired after the Issue Date or of an entity merged or amalgamated into the Issuer or merged or amalgamated into or consolidated with a Restricted Subsidiary after the Issue Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation; and (B) Investments made after the Issue Date in joint ventures of the Issuer or any of its Restricted Subsidiaries existing on the Issue Date;

(r) Investments consisting of licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(s) contributions to a "rabbi" trust for the benefit of employees or other grantor trust subject to claims of creditors in the case of a bankruptcy of the Issuer;

(t) Investments in joint ventures and similar entities and Unrestricted Subsidiaries and Similar Businesses having an aggregate fair market value, when taken together with all other Investments made pursuant to this paragraph (t) that are at the time outstanding, not to exceed the greater of (x) €35 million and (y) 30.0% of LTM EBITDA at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *plus* the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments, (without duplication for purposes of the covenant described in "*Certain Covenants—Limitation on Restricted Payments*" of any amounts applied pursuant to clause (b) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided that* if any Investment pursuant to this definition is made in any Person that is not the Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to paragraphs (a) or (b) of this definition and shall cease to have been made pursuant to this paragraph for so long as such Person continues to be the Issuer or a Restricted Subsidiary;

(u) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this paragraph (u) that are at that time outstanding, not to exceed the greater of (x) €46 million and (y) 40.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *plus* the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments, (without duplication for purposes of the covenant described in "*Certain Covenants—Limitation on Restricted Payments*" of any amounts applied pursuant to clause (b) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided that* if any Investment pursuant to this paragraph is made in any Person that is not the Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to paragraphs (a) or (b) of this definition and shall cease to have been made pursuant to this paragraph for so long as such Person continues to be the Issuer or a Restricted Subsidiary;

(v) any Investment in Unrestricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this paragraph (v) that are at that time outstanding, not to exceed the greater of (x) €35 million and (y) 30.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *plus* the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of the covenant described in "*Certain Covenants—Limitation on Restricted Payments*" of any amounts applied pursuant to clause (b) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided that* if any Investment pursuant to this paragraph is made in any Person that is not the Issuer or a Restricted

Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to paragraphs (a) or (b) of this definition and shall cease to have been made pursuant to this paragraph for so long as such Person continues to be the Issuer or a Restricted Subsidiary;

(w) Investments (i) arising in connection with a Qualified Securitization Financing or Receivables Facility and (ii) constituting distributions or payments of Securitization Fees and purchases of Securitization Assets or Receivables Assets in connection with a Qualified Securitization Financing or Receivables Facility;

(x) Investments in connection with the Transactions;

(y) Investments (including repurchases) in Indebtedness of the Issuer and the Restricted Subsidiaries;

(z) Investments by an Unrestricted Subsidiary entered into prior to the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described under "*Designation of Restricted and Unrestricted Subsidiaries*";

(aa) guaranty and indemnification obligations arising in connection with surety bonds issued in the ordinary course of business or consistent with past practice;

(bb) Investments consisting of purchases and acquisitions of assets or services in the ordinary course of business or consistent with past practice or made in the ordinary course of business or consistent with past practice in connection with obtaining, maintaining or renewing customer or client contacts and loans or advances made to distributors in the ordinary course of business or consistent with past practice;

(cc) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business or consistent with past practice;

(dd) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection of deposit and Article 4 customary trade arrangements with customers consistent with past practices;

(ee) Investments made by a Subsidiary that is not a Guarantor with the cash or other assets received by it pursuant to a substantially concurrent Investment made in such Subsidiary that was permitted by the Indenture (other than originating from a member of the Group); *provided that* no Investment made pursuant to this paragraph (ee) shall be made in an Unrestricted Subsidiary;

(ff) [*Reserved*];

(gg) Investments; *provided that* after giving effect to such Investment on a *pro forma* basis, the Consolidated Senior Secured Net Leverage Ratio is less than or equal to 2.65:1.00;

(hh) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property or Investments in customers in respect of any such purchases and acquisitions, in any case, in the ordinary course of business or consistent with past practice;

(ii) Investments made with, or received from or in exchange for the licensing or use of intangible assets,

(jj) or the provision of management, advisory, sales, marketing and/or other similar services; and (jj) transactions entered into in order to consummate a Permitted Tax Restructuring.

"*Permitted Liens*" means, with respect to any Person:

(a) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness and other Obligations of any Restricted Subsidiary that is not a Guarantor;

(b) pledges, deposits or Liens under workmen's compensation laws, old-age-part-time arrangements, payroll taxes, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements) or pension related liabilities and obligations, or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure the performance of bids, trade contracts, government contracts and leases, statutory obligations, surety, stay, indemnity, judgment, customs, appeal or performance bonds (including pledges, deposits or Liens under any indemnities, undertakings, guarantees, counter-guarantees or indemnities and contractual obligations provided in connection with such surety, stay, indemnity, judgment, customs, appeal or performance bonds), guarantees of government contracts, return-of-money bonds, bankers' acceptance facilities (or other similar bonds, instruments or obligations), obligations in respect of letters of credit, bank guarantees or similar instruments that have been posted to support the same, or as security for contested taxes or import or customs duties or for the payment of (or obligations of credit insurers with respect thereof) rent, or other obligations of like nature, in each case Incurred in the ordinary course of business or consistent with past practice;

(c) Liens with respect to outstanding motor vehicle fines and Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's, construction contractors' or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(d) Liens for Taxes, assessments or governmental charges which are not overdue for a period of more than 30 days from the date on which the Issuer becomes aware such amounts are overdue or which are being contested in good faith by appropriate proceedings; *provided that* appropriate reserves required pursuant to IFRS (or other applicable accounting principles) have been made in respect thereof;

(e) encumbrances, charges, ground leases, easements (including reciprocal easement agreements), survey exceptions, restrictions, encroachments, protrusions, by-law, regulation, zoning restrictions or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, 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 the Restricted Subsidiaries or to the ownership of their properties, including servicing agreements, development agreements, site plan agreements, subdivision agreements, facilities sharing agreements, cost sharing agreements and other agreements, which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and the Restricted Subsidiaries, including, for the avoidance of doubt (i) ground leases entered into by the Issuer or any of its Restricted Subsidiaries in connection with any development, construction, operation or improvement of assets on any real property owned by the Issuer or any of its Restricted Subsidiaries (and any Liens created by the lessee in connection with any such ground lease, including easements and rights of way, or on any of its assets located on the real property subject to such ground lease) and (ii) leases, licenses, subleases and sublicenses in respect of real property to any trading counterparty to which the Issuer or any of its Restricted Subsidiaries provides services on such real property;

(f) Liens (i) on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations or Cash Management Services permitted under the Indenture; (ii) that are statutory, common law or contractual rights of set-off or, in the case of sub-clauses (A) or (B) below, other bankers' Liens: (A) relating to treasury, depository and Cash Management Services or any automated clearing house transfers of funds in the ordinary course of business and not given in connection with the issuance of Indebtedness; (B) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer or any Subsidiary of the Issuer; or (C) relating to purchase orders and other agreements entered into with customers of the Issuer or any Restricted Subsidiary in the ordinary course of business; (ii) on cash accounts securing Indebtedness and other Obligations permitted to be Incurred under clauses (8)(D) or (8)(E) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" with financial institutions; (iv) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business, consistent with past practice and not for speculative purposes; (v) of a collection bank arising under Section 4-210 of the UCC (or similar or equivalent law, regulation or practice in other jurisdictions) on items in the course of collection; (vi) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off) arising in the ordinary course of business in connection with the maintenance of such accounts; and/or (vii) arising under customary general terms of the account bank in relation to any bank account maintained with such bank and attaching only to such account and the products and proceeds thereof, which Liens, in any event, do not secure any Indebtedness;

(g) (i) 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 and (ii) Permitted Intellectual Property Liens;

(h) Liens securing or otherwise arising out of judgments, decrees, attachments, orders or awards not giving rise to an Event of Default so long as (i) 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; (ii) the period within which such proceedings may be initiated has not expired; or (iii) no more than 60 days have passed after (A) such judgment, decree, order or award has become final or (B) such period within which such proceedings may be initiated has expired;

(i) Liens (i) on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations, or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing Indebtedness or other Obligations 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 the Indenture; and (B) any such Liens 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 and/or fixtures to such assets and property, including any real property on which such improvements or construction relates; and (ii) on any interest or title of a lessor under any Capitalized Lease Obligations or operating lease;

(j) Liens perfected or evidenced by UCC financing statement filings, including precautionary UCC financing statements (or similar filings in other applicable jurisdictions) regarding operating leases, subject, as applicable, to the Election Option entered into by the Issuer and the Restricted Subsidiaries in the ordinary course of business;

(k) 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 (other than Liens securing the Notes) or, with respect to the Target, the Acquisition Closing Date;

(l) Liens on property, other assets or shares of stock of (and any equity interests in or intra-Group receivables owing by) a Person which 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, amalgamation, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary (the "**Acquired Group /Property**") as well as future assets acquired by the Acquired Group/Property and such Liens created, Incurred or assumed in anticipation of or in connection with such Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock)); *provided that* such Liens are limited to all or part of the same property or assets, including Capital Stock (plus improvements, accessions, proceeds or dividends or distributions in respect thereof, or replacements of any thereof) acquired, or of any Person acquired or merged, consolidated or amalgamated with or into the Issuer or any Restricted Subsidiary, in any transaction to which such Indebtedness or other Obligations relates;

(m) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other Obligations of the Issuer or such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(n) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that were 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 or other Obligations being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(o) Liens constituting (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on 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 (ii) any condemnation or eminent domain proceedings affecting any real property;

(p) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture, Associate or similar arrangement or entity (i) pursuant to any joint venture or similar agreement or arrangement (including articles, by laws and other governing documents of such entity) or (ii) securing obligations of joint ventures, Associates or similar entities or arrangements;

(q) 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;

(r) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods or receivables resulting from the sale of goods entered into in the ordinary course of business or consistent with past practice;

(s) Liens securing Indebtedness and other Obligations under clauses (1), (4), (5), (6), (7), (11), (13), (14) or (21) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" (*provided that*, in the case of clause (11), such Liens cover only the assets of such Subsidiary);

(t) Permitted Collateral Liens;

(u) Liens (i) on Capital Stock or other securities or assets of any Unrestricted Subsidiary (or loans owing by an Unrestricted Subsidiary to a member of the Group) that secure Indebtedness of such Unrestricted Subsidiary; (ii) then existing with respect to assets of an Unrestricted Subsidiary on the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described under "*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*"; and (iii) in respect of any credit support in favor of any provider of credit insurance relating to the Issuer and or any Subsidiary;

(v) any security granted over the marketable securities portfolio described in paragraph (12) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(w) Liens on (i) goods the purchase price of which is financed by a documentary letter of credit issued for the account of the Issuer or any Restricted Subsidiary or Liens on bills of lading, drafts or other documents of title arising by operation of law or pursuant to the standard terms of agreements relating to letters of credit, bank guarantees and other similar instruments; and (ii) specific items of inventory of other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(x) Liens on equipment of the Issuer or any Restricted Subsidiary and located on the premises of any client or supplier in the ordinary course of business;

(y) Liens on assets or securities deemed to arise in connection with and solely as a result of the execution, delivery or performance of contracts to sell such assets or securities if such sale is otherwise permitted by the Indenture;

(z) Liens arising by operation of law or contract on insurance policies and the proceeds thereof to secure premiums thereunder, and Liens, pledges and deposits in the ordinary course of business securing liability for premiums or reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefits of) insurance carriers;

(aa) Liens solely on any cash earnest money deposits made in connection with any letter of intent or purchase agreement permitted under the Indenture;

(bb) Liens (i) on cash advances in favor of the seller of any property to be acquired in an Investment permitted pursuant to Permitted Investments to be applied against the purchase price for such Investment; and (ii) consisting of an agreement to sell any property in an asset sale permitted under the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" in each case, solely to the extent such Investment or asset sale, as the case may be, would have been permitted on the date of the creation of such Lien;

(cc) Liens securing Indebtedness and other Obligations in an aggregate principal amount not to exceed the greater of (x) €46 million and (y) 40.0% of LTM EBITDA at the time Incurred;

(dd) Liens deemed to exist in connection with Investments in repurchase agreements permitted by the covenant described under "*Certain Covenants—Limitation on Indebtedness*", *provided that* such Liens do not extend to any assets other than those that are the subject of such repurchase agreement;

(ee) Liens arising in connection with a Qualified Securitization Financing or a Receivables Facility or asset-backed loans and financings (howsoever described or structured);

(ff) Settlement Liens;

(gg) rights of recapture of unused real property in favor of the seller of such property set forth in customary purchase agreements and related arrangements with any government, statutory or regulatory authority;

(hh) the rights reserved to or vested in any Person or government, statutory or regulatory authority by the terms of any lease, license, franchise, grant or permit held by the Issuer or any Restricted Subsidiary or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(ii) restrictive covenants affecting the use to which real property may be put;

(jj) Liens or covenants restricting or prohibiting access to or from lands abutting on controlled access highways or covenants affecting the use to which lands may be put; *provided that* such Liens or covenants do not interfere with the ordinary conduct of the business of the Issuer or any Restricted Subsidiary;

(kk) Liens arising in connection with any Permitted Tax Restructuring;

(ll) Liens on Escrowed Proceeds or Liens for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities are held in an escrow account or similar arrangement, including in each case any interest or premium thereon;

(mm) Liens arising in connection with any joint and several liability and any netting or set-off arrangement arising in each case by operation of law as a result of the existence or establishment of a fiscal unity for corporate income tax, trade tax or value added tax or similar purposes or any analogous arrangement in any jurisdiction of which the Issuer or a Restricted Subsidiary is or becomes a member, operates in, has transactions or dealings in or otherwise has a presence in;

(nn) Liens arising by virtue of any statutory or common law provisions or customary standard terms relating to banker's Liens or similar general terms and conditions of banks with whom the Issuer or a Restricted Subsidiary maintains a banking relationship in the ordinary course of business or consistent with past practice, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(oo) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts and receivables securing cash pooling or cash management arrangements;

(pp) (i) Liens created for the benefit of or to secure, directly or indirectly, the Revolving Credit Facility, the Notes (ii) Liens pursuant to the Intercreditor Agreement, any Additional Intercreditor Agreement and/or the Security Documents, (iii) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss sharing as among the Holders and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement, (iv) Liens securing Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and (v) Liens on rights under any proceeds loan that are assigned to the third party creditors of the Indebtedness Incurred by the Issuer or any Restricted Subsidiary to finance such proceeds loan and incurred in compliance with the Indenture and securing that Indebtedness;

(qq) Liens created or subsisting in order to secure any pension liabilities or partial retirement liabilities or any liabilities arising in connection with any pension insurance plan;

(rr) any extension, renewal or replacement, in whole or in part, of any Lien described in this definition of Permitted Lien, *provided that* any such extension, renewal or replacement shall not extend in any material respect to any additional property or assets; and

(ss) any Lien not securing Indebtedness.

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 paragraph or paragraphs of the definition of Permitted Lien to which such Permitted Lien has been classified or reclassified.

"*Permitted Reorganization*" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Issuer or any of its Restricted Subsidiaries and the assignment, transfer or assumption of intragroup receivables and payables among the Issuer and its Restricted Subsidiaries in connection therewith (a "**Reorganization**") that is made on a solvent basis (as determined by an Officer or the Board of Directors of the Issuer in good faith), *provided that* (a) any payments or assets distributed in connection with such Reorganization remain within the Issuer and the Restricted Subsidiaries; and (b) 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, and *provided further that* no Permitted Reorganization may override the provisions of the covenant described under "*Merger and Consolidation*." For the avoidance of doubt, the Post- Completion Merger and transactions related thereto will be permitted under the Indenture and will not be required to comply with any of the conditions for a Permitted Reorganization.

"*Permitted Tax Distribution*" means:

(1) if and for so long as the Issuer is a member of a fiscal unity for corporate income tax, trade tax, value added tax or other taxes or similar purposes, profit and loss pooling, cash pooling, tax sharing or other similar arrangements or any analogous arrangement (whether resulting from a domination and profit or loss pooling agreement or otherwise) or a group filing a consolidated or combined tax return with any Parent Entity, any dividends, intercompany loans, other intercompany balances or other distributions to fund any income Taxes for which such Parent Entity 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 Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis calculated as if the Issuer and its Subsidiaries had paid Tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries; and

(2) for any taxable year (or portion thereof) ending after the Issue Date for which the Issuer is treated as a disregarded entity, partnership, or other flow-through entity for federal, state, provincial, territorial, and/or local income Tax purposes, the payment of dividends or other distributions to the Issuer's direct owner(s) to fund the income Tax liability of such owner(s) (or, if a direct owner is a pass-through entity, of the indirect owner(s)) for such taxable year (or portion thereof) attributable to the operations and activities of the Issuer and its direct and indirect Subsidiaries,

in an aggregate amount not the exceed the product of (x) the highest combined marginal federal and applicable state, provincial, territorial, and/or local statutory income Tax rate (after taking into account the deductibility of US state and local income Tax for US federal income Tax purposes) and (y) the taxable income of the Issuer for such taxable year (or portion thereof).

"*Permitted Tax Restructuring*" means any reorganizations and other activities related to tax planning and tax reorganization entered into prior to, on or after the date hereof so long as such Permitted Tax Restructuring is not materially adverse to the Holders (as determined by the Issuer in good faith).

"*Permitted Transaction*" means:

(a) any step, circumstance, payment or transaction contemplated by or relating to the Transaction or otherwise disclosed in this Offering Memorandum and any intermediate steps or actions necessary to implement the steps, circumstances, payments or transactions;

(b) the Post-Completion Merger, a Permitted Reorganization or any merger or consolidation permitted pursuant to the terms of the Indenture, including as permitted pursuant to "*Merger and Consolidation*";

(c) any step, circumstance or transaction which is mandatorily required by law (including arising under an order of attachment or injunction or similar legal process);

(d) any conversion of a loan, credit or any other indebtedness outstanding into distributable reserves, share capital, share premium or other equity interests of any member of the Group or any other capitalization, forgiveness, waiver, release or other discharge of any loan, credit or other indebtedness, in each case on a cashless basis;

(e) any repurchase of shares in any person upon the exercise of warrants, options or other securities convertible into or exchangeable for shares, if such shares represent all or a portion of the exercise price of such warrants, options or other securities convertible into or exchangeable for shares as part of a cashless exercise;

(f) any transfer of the shares in, or issue of shares by, a member of the Group or any step, action or transaction including share issue or acquisition or consumption of debt, for the purpose of creating the group structure for the Transaction or effecting the Transaction, including inserting any Holding Company or incorporating or inserting any Subsidiary in connection therewith, *provided that* after completion of such steps no Change of Control shall have occurred;

(g) the formation and maintenance of any consolidated tax grouping, accounting or cash pooling or cash management transactions in the ordinary course of business and any closure of bank accounts in the ordinary course of business;

(h) any "Liabilities Acquisition" (as defined in the Intercreditor Agreement); and

(i) any intermediate steps or actions necessary or desirable to implement steps, circumstances, payments or transactions not prohibited by the Indenture.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Post-Petition Interest*" means any interest or entitlement to fees or expenses or other charges that accrue after the commencement of any bankruptcy or insolvency proceeding, whether or not allowed or allowable as a claim in any such bankruptcy or insolvency proceeding.

"*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 (i) a public offering registered under the Securities Act and/or (ii) a private placement to institutional and other investors, in each case, that are not Affiliates of the Issuer, in accordance with Rule 144A and/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 Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Securitization Financing*" means any Securitization Facility that meets the following conditions: (i) the Board of Directors shall have determined in good faith that such Qualified Securitization Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Restricted Subsidiaries, (ii) all sales of Securitization Assets and related assets by the Issuer or any Restricted Subsidiary to the Securitization Subsidiary or any other Person are made for fair consideration (as determined in good faith by the Issuer) and (iii) the financing terms, covenants, termination events and other provisions thereof shall be fair and reasonable terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

"*Receivables Assets*" means (a) any accounts receivable owed to the Issuer or a Restricted Subsidiary subject to a Receivables Facility and the proceeds thereof and (b) all collateral securing such accounts receivable, all contracts and contract rights, guarantees or other obligations in respect of such accounts receivable, all records with respect to such accounts receivable and any other assets customarily transferred together with accounts receivable in connection with a non-recourse accounts receivable factoring arrangement and which are sold, conveyed, assigned or otherwise transferred or pledged by the Issuer or such Restricted Subsidiary (as applicable) in a transaction or series of transactions in connection with a Receivables Facility.

"*Receivables Facility*" means an arrangement between the Issuer or a Restricted Subsidiary and a counterparty pursuant to which (a) the Issuer or such Restricted Subsidiary, as applicable, sells (directly or indirectly) accounts receivable owing by customers, together with Receivables Assets related thereto, (b) the obligations of the Issuer or such Restricted Subsidiary, as applicable, thereunder are non-recourse (except for Securitization Repurchase Obligations) to the Issuer and such Restricted Subsidiary and (c) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings, and shall include any guaranty in respect of such arrangements.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness (x) of the Issuer existing on the Issue Date, (y) of the Target and its Subsidiaries existing on the Acquisition Closing Date after giving effect on the Transactions and/or (z) 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 that*:

(1) (a) such Refinancing Indebtedness has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refunded or refinanced; and (b) to the extent such Refinancing Indebtedness refinances Subordinated Indebtedness, Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Subordinated Indebtedness, Disqualified Stock or Preferred Stock, respectively, and, in the case of Subordinated Indebtedness, is subordinated to the Notes and/or the Guarantees (as applicable) on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced;

(2) Refinancing Indebtedness shall not include:

    (a) Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Guarantor; or

(b) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary;

(3) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including premiums, accrued and unpaid interest and defeasance costs) under the Indebtedness being refinanced *plus* (y) an amount necessary to pay accrued and unpaid interest and any fees and expenses, including any premium and defeasance costs, indemnity fees, discounts, premiums and other costs and expenses Incurred (including tender premiums), penalties, interest or hedging break costs, accrued and unpaid interest and any related stamp or other taxes, notarial, registration or similar fees and other fees, costs and expenses (including original issue discount, upfront fees, or similar fees in respect of the Indebtedness Incurred to effect such refinancing) Incurred or payable in connection with such refinancing; and

(4) Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Fund*" in relation to a fund or account (the "**first fund**"), means a fund or account which is managed or advised directly or indirectly by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder or Subsidiary of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiary, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; and

any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means any Taxes, including sales, use, transfer, rental, *ad valorem*, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes and other fees and expenses (other than (x) Taxes measured by income and (y) withholding Taxes), required to be paid (*provided that* such Taxes are in fact paid) by any Parent Entity by virtue of its:

(1) being incorporated, organized or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries) or otherwise maintain its existence or good standing under applicable law;

(2) being a holding company parent, directly or indirectly, of the Issuer or any Subsidiaries of the Issuer;

(3) issuing or holding Subordinated Shareholder Funding;

(4) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any Subsidiaries of the Issuer; or

(5) having made any (i) payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent Entity pursuant to "*Certain Covenants—Limitation on Restricted Payments*" or (ii) Permitted Tax Distribution.

"*Relevant Period*" means (a) if ending on a quarter end date, each period of four consecutive financial quarters ending on a quarter end date, or (b) if ending on the day of a month not being a quarter end date, the period of twelve consecutive months ending on the last day of a calendar month (which for the avoidance of doubt may include periods prior to the Issue Date).

"*Relevant RP Capacity Amount*" means:

(a) the amount of Restricted Payments that may be made at the time of determination pursuant to the first paragraph and clauses (6), (10), (12) and (17) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*"; *minus*

(b) the sum of the amount utilized by the Issuer or any Restricted Subsidiary to (i) make Restricted Payments in reliance of the first paragraph and clauses (6), (10), (12) and (17) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*"; and (ii) incur Indebtedness pursuant to clause (20) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*"; *plus*

(c) the aggregate principal amount of Indebtedness prepaid prior to or substantially concurrently at such time, solely to the extent such Indebtedness was incurred pursuant to clause (20) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" (it being understood that the amount under this paragraph (c) shall only be available for use pursuant to clause (20) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*").

"*Relevant Testing Period*" means, for purposes of the calculation of any applicable financial covenant, test, basket or ratio (including those based on LTM EBITDA, Fixed Charge Coverage Ratio, Consolidated Senior Secured Net Leverage Ratio, Consolidated Total Secured Net Leverage Ratio and/or Consolidated Total Net Leverage Ratio), the most recently completed four consecutive fiscal quarters ending on the last day of the most recent fiscal quarter (or fiscal year, if later) for which financial statements have been delivered pursuant to "*Certain Covenants—Reports*" or, at the option of the Issuer, the most recently completed twelve consecutive months ending on the last day of a calendar month for which the Issuer has, in its sole determination, sufficient available information to be able to determine any applicable financial covenant, test, basket or ratio.

"*Reserved Indebtedness Amount*" has the meaning set forth in the covenant described under "*Certain Covenants—Limitation on Indebtedness*."

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Revolving Facility*" means the revolving credit facility made available under the Revolving Credit Facility Agreement.

"*Revolving Credit Facility Agreement*" means the €150.0 million revolving credit facility agreement dated on or about the Issue Date, between, among others, the Issuer as an original borrower and the lenders named therein, as the same may be amended from time to time.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Sale and Leaseback Transaction*" means any arrangement providing for the leasing by the Issuer or any of the 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.

"*SEC*" means the Securities and Exchange Commission or any successor thereto.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Securitization Asset*" means (a) any accounts receivable, mortgage receivables, loan receivables, royalty, franchise fee, license fee, patent or other revenue streams and other rights to payment or related assets and the proceeds thereof and (b) all collateral securing such receivable or asset, all contracts and contract rights, guarantees or other obligations in respect of such receivable or asset, lockbox accounts and records with respect to such account or asset and any other assets customarily transferred (or in respect of which security interests are customarily granted) together with accounts or assets in connection with a securitization, factoring or receivable sale transaction.

"*Securitization Facility*" means any of one or more securitization, financing, factoring or sales transactions, as amended, supplemented, modified, extended, renewed, restated or refunded from time to time, pursuant to which the Issuer or any of the Restricted Subsidiaries sells, transfers, pledges or otherwise conveys any Securitization Assets (whether now existing or arising in the future) to a Securitization Subsidiary or any other Person.

"*Securitization Fees*" means distributions or payments made directly or by means of discounts with respect to any Securitization Asset or participation interest therein issued or sold in connection with, and other fees and expenses (including reasonable fees and expenses of legal counsel) paid in connection with, any Qualified Securitization Financing or Receivables Facility.

"*Securitization Repurchase Obligation*" means any obligation of a seller of Securitization Assets or Receivables Assets in a Qualified Securitization Financing or a Receivables Facility to repurchase or otherwise make payments with respect to Securitization Assets or 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, offset 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.

"*Securitization Subsidiary*" means any Subsidiary of the Issuer in each case formed for the purpose of and that solely engages in one or more Qualified Securitization Financings and other activities reasonably related thereto or another Person formed for this purpose.

"*Security Documents*" means all security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, confirmed, supplemented or otherwise modified from time to time, creating the Security Interests in the Collateral.

"*Security Interests*" means the security interests in the Collateral that is created by the Security Documents and secures obligations under the Notes and the Indenture.

"*Senior Secured Indebtedness*" means indebtedness included in the definition of Consolidated Total Indebtedness that is governed by the Intercreditor Agreement and constitutes Senior Secured Liabilities (as defined in the Intercreditor Agreement).

"*Settlement*" means the transfer of cash or other property with respect to any credit or debit card charge, check or other instrument, electronic funds transfer, or other type of paper-based or electronic payment, transfer, or charge transaction for which a Person acts as a processor, remitter, funds recipient or funds transmitter in the ordinary course of its business.

"*Settlement Asset*" means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person or an Affiliate of such Person.

"*Settlement Indebtedness*" means any payment or reimbursement obligation in respect of a Settlement Payment.

"*Settlement Lien*" means any Lien relating to any Settlement or Settlement Indebtedness (and may include, for the avoidance of doubt, the grant of a Lien in or other assignment of a Settlement Asset in consideration of a Settlement Payment, Liens securing intraday and overnight overdraft and automated clearing house exposure, and similar Liens).

"*Settlement Payment*" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"*Settlement Receivable*" means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person.

"*Shareholder Funding*" has the meaning ascribed to such term in the Offering Memorandum.

"*Significant Subsidiary*" means any Restricted Subsidiary or group of Restricted Subsidiaries (taken together) that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date and whose proportionate share of Consolidated EBITDA exceeds 10% of the Consolidated EBITDA of the Issuer on a consolidated basis for the most recently completed fiscal year, tested by reference to the most recent Annual Financial Statements delivered in accordance with clause (1) of the covenant described under "*Certain Covenants—Reports*," or if no financial statements have yet been delivered to the Trustee, tested by reference to the financial information set out in this Offering Memorandum.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates (including the Target) on the Acquisition Closing Date, (b) telecommunication business, including broadband internet and fixed-line services and (c) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing described in (a) or (b) or are extensions or developments of any thereof.

"*Sponsor*" means Partners Group.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, guarantees and indemnities entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Securitization Facility, including those relating to the servicing of the assets of a Securitization Subsidiary, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking or, in the case of a Receivables Facility, a non-credit related recourse accounts receivable factoring arrangement.

"*Stated Maturity*" means, with respect to any Indebtedness, the date specified in the instrument governing such Indebtedness 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 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 ranks junior in right of payment or security to the Notes pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by any Parent Entity, any Affiliate of any Parent Entity 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 that* such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the date that is six months after the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the date that is 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 the date that is six months after the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the date that is six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control, asset sale or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the date that is 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 the date that is 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;

(5) constitutes "*Subordinated Liabilities*" pursuant to the Intercreditor Agreement or, pursuant to its terms or to an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes and any Guarantee 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 Acquisition Closing Date with respect to the "**Subordinated Liabilities**" (as defined therein);

(6) is not Guaranteed by any Subsidiary of the Issuer;

(7) contains restrictions on transfer to a Person who is not a Parent Entity, any Affiliate of any Parent Entity, any holder of Capital Stock of a Parent Entity or any Affiliate of a Parent Entity or any Permitted Holder or any Affiliate thereof; *provided that* any transfer of Subordinated Shareholder Funding to any of the foregoing Persons shall not be deemed to be materially adverse to the interests of the Holders; and

(8) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or any Guarantee or compliance by the Issuer or any Guarantor with its obligations under the Notes, any Guarantee or the Indenture.

"*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.

"*Target*" means Eolo S.p.A , a joint stock company (*società per azioni*) incorporated under the laws of Italy.

"*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 and other liabilities 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, (A) the United States of America or Canada, (B) any European Union member state, (C) the United Kingdom, (D) Australia, Brazil, Japan, Norway or Switzerland, (E) 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 (F) 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 Fitch or "*A-1*" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Revolving Credit Facility; or

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof, in each case, having capital and surplus aggregating in excess of €250.0 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or Fitch or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of the Restricted 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 "F-2" (or higher) according to Fitch 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 Fitch 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, Australia, Brazil, Canada, Japan, Norway. Switzerland, the United Kingdom or any European Union member state 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 Fitch or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States of America, Australia, Brazil, 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 €250.0 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) Investment funds investing 90% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940*,* as amended.

"*Third Party Security Provider*" means Zoncolan Holdco S.p.A. "*Transactions*" shall have the meaning assigned to such term in this Offering Memorandum under "*Summary—The Transactions*."

"*Transaction Expenses*" means any fees or expenses Incurred or paid by the Issuer or any Restricted Subsidiary in connection with the Transactions (including the Post-Completion Merger), including any fees, costs and expenses associated with settling any claims or action arising from a dissenting stockholder exercising its appraisal rights.

"*Trust Indenture Act*" means the U.S. Trust Indenture Act of 1939, as amended.

"*UCC*" means the Uniform Commercial Code as in effect from time to time in the State of New York; *provided, however,* that at any time, if by reason of mandatory provisions of law, any or all of the creation, perfection or priority of a collateral agent's security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such creation, perfection or priority and for purposes of definitions relating to such provisions.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary,

provided that 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 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, if any, of the Issuer in such Subsidiary complies with "*Certain Covenants—Limitation on Restricted Payments*."

"*U.S. Bankruptcy Code*" means Title 11 of the United States Code, as amended.

"*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.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

(1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment; by

(2) the sum of all such payments.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). The Notes sold outside the United States in reliance on Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). On the Issue Date, the Global Notes will be deposited with 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 ("**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 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons who have accounts with Euroclear and/or Clearstream, or persons who 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, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. Book-Entry Interests will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Book-Entry Interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit a participant's account on their respective book-entry registration and transfer systems with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the owners or "holders" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the common depositary of Euroclear and/or Clearstream (or its respective nominee) will be considered the sole holders of the Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream and indirect participants must rely on the procedures of Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests to transfer their interests or to exercise any rights of holders of the Notes under the Indenture.

None of the Issuer, the Initial Purchasers, the Registrar, the Paying Agent, the Transfer Agent, the Trustee nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive definitive registered Notes in certified form (the "**Definitive Registered Notes**") only in the following circumstances:

(a) 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

(b) 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 and enforcement action is being taken in respect thereof 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 issue or cause 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, 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 and/or Clearstream (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.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar, and any of their respective agents shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream, as applicable.

We will not be required to register the transfer or exchange of Definitive Registered Notes for a period of fifteen calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. We are also not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer or asset sale offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. We may require a holder to pay any transfer taxes and fees required by law and permitted by the Indenture and the Notes.

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 Trustee or the Registrar or at the office of the Transfer Agent, we will issue and the Trustee (or an authenticating agent appointed by the Trustee) will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. We or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and us to protect us, the Trustee, the Registrar, the Transfer Agent or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. We, the Registrar and/or the Trustee may charge for expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the Indenture, we in our discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Notice to Investors*."

Redemption of the Global Notes

In the event that any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream or their respective nominees, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate in accordance with their respective operational procedures; provided, however, that no Book-Entry Interest of less than €100,000 principal amount at maturity may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest, additional interest and Additional Amounts, if any) to the Paying Agent. In turn, the Paying Agent will make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective 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 Paying Agent, the Transfer Agent, the Registrar and any of their respective agents will treat the registered holder of the Global Notes (*i.e.*, the common depositary for Euroclear and Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Registrar, the Transfer Agent, the Paying Agent nor any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, 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;

- any other matter relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant; or

- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Initial Purchasers, the Paying Agent, the Transfer Agent, the Registrar nor any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment. Holders may be subject to foreign exchange risks that may have economic and tax consequences to them.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such notes through Euroclear and/or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of the Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream, at the request of the holders of such Notes, reserves the right to exchange the Global Notes for Definitive Registered Notes in certified form, and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be done in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "Notice to Investors."

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 beneficial interest in the Regulation S Global Note upon receipt by the Trustee or the Transfer Agent of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 or any other exemption (if available) under the 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 receipt by the Trustee or the Transfer Agent of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interests 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—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee and the Registrar 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 "*Notice to Investors*."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Pledges

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 Book-Entry Interest to pledge such interest to persons or entities who or that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited.

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 each settlement system are controlled by that settlement system and may be changed at any time. None of the Issuer, the Initial Purchasers, the Trustee, the Paying Agent, the Transfer Agent, the Registrar nor any of their respective agents are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide 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 or Clearstream systems, 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 person 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 listed and admitted to trading on the Exchange. 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 Initial Purchasers, the Trustee, the Paying Agent or the Transfer Agent or the Registrar, or any of their respective agents will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the Business Day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

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.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear or Clearstream on days when those systems are open for business.

CERTAIN TAX CONSIDERATIONS

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Italy and the United States and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to additional or special rules.

Prospective purchasers of the Notes are advised to consult with their own tax advisors as to the tax consequences of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

The summaries set forth below are based upon, as applicable, Italy or United States law as in effect on the date of this Offering Memorandum and are subject to any change in such law that may take effect after such date. References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under each subsection related to Italy and United States tax law below only have such meanings as defined therein for such respective section. The statements regarding Italy and United States laws and practices set forth below assume that the Notes will be issued, and the transfers thereof will be made, in accordance with the Indenture.

Certain Italian tax considerations

The statements herein regarding certain Italian tax consequences of the purchase, holding and transfer of the Notes are based on the laws and published practices of the Italian tax authorities in effect in Italy as of the date of this Offering Memorandum and are subject to any changes in law and interpretation occurring after such date, which changes could be made on a retroactive basis. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposal of the Notes for Italian resident and non-Italian resident beneficial owners, although it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to additional or special rules. 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.

Tax treatment of Interest

Decree No. 239 sets forth 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 (*obbligazioni*) and similar securities (*titoli similari alle obbligazioni*), pursuant to Article 44 of Presidential Decree No. 917 of December 22, 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 EU Member States or States party to the European Economic Area Agreement ("**EEA State**") allowing a satisfactory exchange of information with the Italian tax authorities as included in the White List; or

(b) companies resident of Italy for tax purposes whose shares are not listed, issuing notes traded (*negoziati*) upon their issuance on the aforementioned regulated markets or platforms; or

(c) if not traded on the aforementioned markets or multilateral trading platforms, when such notes are subscribed and held by "qualified investors" pursuant to Article 100 of the Italian Legislative Decree No. 58 of February 24, 1998.

For these purposes, bonds and securities similar to bonds are securities that (i) incorporate an unconditional obligation for the Issuer to pay at maturity (or at any earlier redemption/repayment of the security) an amount not lower than their nominal value or principal amount; (ii) do not provide to the holders any right of direct or indirect participation in, or control on, the management of the Issuer or of the business in connection with which the Notes have been issued; and (iii) do 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 an Italian-resident beneficial owner of the Notes ("Noteholder") is an Italian resident and is:

- an individual not engaged in an entrepreneurial activity to which the Notes are connected;
- 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;
- a non-commercial private or public institution, or a trust (other than Italian undertakings for collective investment) not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- an investor exempt from Italian corporate income taxation,

then Interest derived from the Notes, and accrued during the relevant holding period, is subject to a tax withheld at source (*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 Decree No. 461 (see also "*—Tax treatment of capital gains—Discretionary investment portfolio regime (Risparmio Gestito Regime*)" below).

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes (being financial instruments issued by an Italian resident corporation) may be exempt from any income taxation (including the 26% *imposta sostitutiva*) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1, 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 mentioned above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Where a Noteholder is an Italian-resident company or similar commercial entity, or a permanent establishment in Italy of a non-Italian resident company to which the Notes are effectively connected, and the Notes, together with the coupons related thereto, are deposited with an authorized intermediary, Interest from the Notes will not be subject to the *imposta sostitutiva*. Interest must, however, be included in the relevant Noteholder's income tax return and is therefore subject to the general Italian corporate income taxation ("**IRES**", currently levied at the rate of 24% and, if applicable, any relevant additional surcharge, such as the additional 3.5% surcharge for banks and certain financial institutions) and, in certain circumstances, depending on the status of the Noteholder and also to the Italian regional tax on productive activities ("**IRAP**", generally levied at the base rate of 3.9%, even though regional surcharges may apply) (*i.e.*, generally in the case of banks and financial institutions).

Effective as of the fiscal year following the fiscal year that was current on December 31, 2015, Article 1(550) of Finance Act 2017 added paragraph 6-bis to Article 1 of Law Decree No. 201 of December 6, 2011, converted into Law No. 214 of December 22, 2011. Under this new rule, the base upon which the "*Aiuto alla Crescita Economica*" benefit set forth in Article 1 of Law Decree No. 201 of December 6, 2011 (ACE Benefit) is computed 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 fiscal year and (ii) the aggregate book value of securities (*titoli e valori mobiliari*) other than shares reported in the taxpayer's financial statements of the fiscal year that was current on December 31, 2010. Only Italian resident persons carrying on an entrepreneurial activity (and in particular Italian resident corporations) and Italian permanent establishments of non-Italian resident persons can enjoy the ACE Benefit. The new restrictive rule enacted by Finance Act 2017 applies only to taxpayers different from those carrying out financial and insurance activities falling into section K of the ATECO classification of economic activities, other than non-financial holding companies.

Real estate investment funds and real estate SICAFs

Payments of Interest deriving from the Notes made to Italian resident real estate investment funds and real estate closed-ended investment companies (*società di investimento a capitale fisso*, or "**SICAFs**"), provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Italian authorized financial intermediary (or permanent establishment in Italy of non-Italian resident intermediary) Interest is subject neither to imposta sostitutiva nor to any other income tax at the level of the real estate investment fund or the real estate SICAF. However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realized by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders or shareholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

If an Italian resident Noteholder is a non-real estate open-ended or a closed-ended collective investment fund ("**Fund**") or an open-ended investment company (*società di investimento a capitale variabile*, or "**SICAVs**") or a non-real estate SICAF established in Italy and either (i) the Fund, the SICAV or the non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the Notes, together with the coupons related thereto, are deposited with an authorized intermediary, Interest accrued during the holding period on the Notes will not be subject to the imposta sostitutiva, but must be included in the management results of the Fund, the SICAV or the non-real estate SICAF. The Fund, the non-real estate SICAF or the SICAV are subject neither to imposta sostitutiva nor to any other income tax at their level, but a withholding or substitute tax of 26% will be levied, in certain circumstances, by the Fund, the non-real estate SICAF or the SICAV on income realized by unitholders or shareholders in the event of distribution, redemption or disposal of the units/shares.

Pension funds

If an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Italian Legislative Decree No. 252 of December 5, 2005) and the Notes are deposited with an authorized intermediary, Interest relating to the Notes, together with the coupons related thereto, and accrued during the holding period will not be subject to the *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period (which will be subject to a 20% substitute tax). Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1, 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.

Application of the imposta sostitutiva

Pursuant to Decree No. 239, the imposta sostitutiva is applied by Italian resident banks, brokerage companies (*società di intermediazione mobiliare*, or "**SIM"**), fiduciary companies, *società di gestione del risparmio* ("**SGR**"), stockbrokers and other entities identified by decrees of the Ministry of Economy and Finance 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) participate, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

If the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian Intermediary paying the Interest to a Noteholder or, absent that, by the Issuer and gross recipients that are Italian resident corporations or permanent establishments in Italy of non-Italian resident corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Non-Italian resident Noteholders

If the Noteholder is a non-Italian resident for tax purposes, without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies, provided that the non-Italian resident Noteholder is:

(a) a beneficial owner of the payment of the Interest and resident, for tax purposes, in a State or territory included in the White List; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) an "institutional investor," whether or not subject to tax, which is established in a State or territory included in the White List, even if it does not possess the status of a taxpayer in its own State of establishment; or

(d) a central bank or an entity which manages, inter alia, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owner of the Interest (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-Italian resident bank or financial institution (there is no requirement for the bank or financial institution to be an EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or

(ii) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**"). Organizations and companies that are not resident of Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or the permanent establishment in Italy of a non-Italian resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree No. 239. If a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank. The exemption from the *imposta sostitutiva* for non-Italian resident Noteholders is conditional upon:

    i. the timely deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

    ii. the timely submission to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, inter alia, that it is eligible to benefit from the exemption from the *imposta sostitutiva*.

Such statement must comply with the requirements set forth by a Ministerial Decree dated December 12, 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in point b) above or Central Banks or entities also authorized to manage the official reserves of a State referred to in point d) above. Additional requirements are provided for "institutional investors" referred to in point c) above (in this respect see Circular No. 23/E of March 1, 2002 and No. 20/E of March 27, 2003).

The *imposta sostitutiva* will be applicable at a rate of 26% to interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the requested conditions (including the procedures set forth under Decree No. 239 and in the relevant implementation rules). Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty, subject to timely filing of required documentation provided by Regulation of the Director of Italian Revenue Agency No. 2013/84404 of July 10, 2013 or by any other forms approved by the respective tax authorities.

Fungibility Issues

Pursuant to Article 11, paragraph 2 of Decree no. 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

<u>Noteholders not engaged in an entrepreneurial activity</u>

Where an Italian-resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to a capital gain tax (*imposta sostitutiva,* or "**CGT**") provided by Decree No. 461, levied at the rate of 26%. Under certain conditions and limitations, Noteholders may set off any capital losses with their capital gains.

In respect of the application of the imposta sostitutiva, on capital gains, an Italian resident individual may opt– under certain conditions–for any of the three regimes described below.

<u>Tax return regime (*Regime della dichiarazione*)</u>

Under the "tax return regime", which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss 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 CGT on such gains of the same kind, together with any balance of income tax due for such year. Within the same time limit, capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years.

<u>Non-discretionary investment portfolio regime (*Risparmio Amministrato Regime*)</u>

As an alternative to the tax return regime, Italian-resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the CGT separately on capital gains realized on each sale or redemption of the Notes (*regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to:

- the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediaries (including permanent establishments in Italy of non-Italian resident intermediaries); and
- an express election for the *risparmio amministrato regime* being made in writing in a timely fashion by the relevant Noteholder.

The depository must account for the CGT in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the CGT to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a sale or redemption or certain other transfer of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years, up to the fourth tax year. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains/losses realized within said regime in the annual tax return.

Discretionary investment portfolio regime (*Risparmio Gestito Regime*)

In the *Risparmio Gestito Regime*, any capital gains realized by Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a 26% substitute tax, to be paid by the managing authorized intermediary. Any decrease in value of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains or losses realized within said regime in its annual tax return. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be exempt from any income taxation (including from the 26% CGT) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in Article 1, 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 will be treated as part of taxable business income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of net value of the production for IRAP purposes), if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of non-Italian resident entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real estate investment funds and real estate SICAFs

Any capital gains realized by a Noteholder which qualifies as an Italian real estate investment fund or an Italian real estate SICAF will be subject neither to CGT nor to any income tax at the level of the real estate investment fund or the Real Estate SICAF (see "*Tax treatment of Interest—Real estate investment funds and real estate SICAFs*"). However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or disposal of the units or shares.

Moreover, subject to certain conditions, income realized by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

Any capital gains realized by a Noteholder which is a Fund, a SICAF (other than a real estate SICAF) or a SICAV will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant fiscal year. Such result will not be taxed at the level of the Fund, the non-real estate SICAF or the SICAV, but income realized by the unitholders or shareholders in case of distributions, redemption or disposal of the units/shares may be subject to a withholding tax of 26%.

Pension funds

Any capital gains realized by a Noteholder which qualifies as an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to 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% CGT on capital gains may be payable on capital gains realized upon the sale or redemption of the Notes by non-Italian resident persons without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, under Article 23(1)(f)(2) of Decree No. 917, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and traded on regulated markets (which term includes, for these purposes, also certain multilateral trading facilities) in Italy or abroad are not subject to the CGT, subject to the filing of required documentation in a timely fashion (in particular, a self- declaration that the Noteholder is not resident in Italy for tax purposes and has no permanent establishment in Italy to which the Notes are effectively connected).

Pursuant to Article 5(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 the Notes are not traded on regulated markets (which term includes, for these purposes, also multilateral trading facilities), are not subject to the CGT, provided that the beneficial owner is:

(a) a resident, for tax purposes, of a State or territory included in the White List and does not have a permanent establishment in Italy to which the Notes are effectively connected; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) an "institutional investor," whether or not subject to tax, which is established in a State or territory included in the White List, even if it does not possess the status of a taxpayer in its own State of establishment 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 No. 239 (see *"—Tax treatment of interest*").

If none of the above conditions is met, capital gains realized by non-Italian resident Noteholders from the sale or the redemption of Notes issued by an Italian resident issuer and not traded on regulated markets (which term includes, for these purposes, also multilateral trading facilities), may be subject to the CGT at the current rate of 26%. However, 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 resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorized financial intermediary and are subject to the *risparmio amministrato* regime or elect for the *risparmio gestito* regime, exemption from Italian taxation on capital gains will apply upon condition that the non-Italian residents Noteholders file in time with the authorized financial intermediary appropriate documents which include, inter alia, a certificate of residence from the competent tax authorities of their country of residence.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding Notes deposited with an Intermediary, but non-Italian resident Noteholders retain the right to waive this regime.

Certain reporting obligations for Italian-resident Noteholders

Under Law Decree No. 167 of June 28, 1990, converted into law by Law No. 227/1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships that are resident in Italy for tax purposes and, during the tax year, hold investments abroad or have financial assets abroad (including possibly the Notes) must, in certain circumstances, disclose these investments or financial assets to the Italian tax authorities in their annual income tax return (or, in case 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 threshold throughout the year, which per se do not require such disclosure). The requirement applies also where the persons above, being not the direct holder of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for investments and financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167 of June 28, 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the such intermediaries.

Italian inheritance tax and gift tax

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) by reason of gift, donation or succession proceedings are generally subject to Italian gift and inheritance tax as follows:

(a) at a rate of 4% for transfers in favor of the spouse or relatives in direct line, on the portion of the global net value of the transferred assets, exceeding, for each beneficiary, a threshold of €1.0 million;

(b) At the rate of 6% for transfers in favor of relatives up to the fourth degree or relatives in-law up to the third degree on the entire value of the transferred assets (in case of transfers in favor to brothers or sisters, the 6% rate is applicable only on the portion of the global net value of the transferred assets exceeding, for each beneficiary, a threshold of €0.1 million); ; and

(c) At a rate of 8% for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress or the donee is a person with a severe disability pursuant to Law No. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.5 million at the rate illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

With respect to Notes listed on regulated markets (including multilateral trading facilities), the relevant value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

The mortis causa transfer of financial instruments included in a long-term savings account (*piano individuale di risparmio a lungo termine*), that meets the requirements set forth under Italian tax law is exempt from inheritance taxes.

Italian inheritance tax and gift tax applies to non-Italian resident individuals for Notes issued by Italian resident companies.

Wealth tax on financial products held abroad—direct holding

According to Article 19(18) of Law Decree No. 201 of December 6, 2011, recently amended by Article 1, paragraphs 710 of Law No. 160 of December 27, 2019, Italian resident individuals, Italian non-commercial entities, Italian non-commercial partnerships and similar Italian resident entities holding certain financial products, including the Notes, outside Italy without the involvement of an Italian financial intermediary are in certain cases required to pay a wealth tax currently at the rate of 0.2% (the tax being determined in proportion to the period of ownership). The wealth tax applies on the market value at the end of the relevant year (or at the end of the holding period) or, in the 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 are generally permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the State where the financial products are held (up to the amount of the Italian wealth tax due).

The wealth tax cannot exceed €14,000 per year for Noteholders other than individuals.

The wealth tax is due only in relation to financial assets held outside the Italian territory (and not through an Italian intermediary). If the Notes are held through Italian intermediaries, the rules described in subsection "*Stamp taxes and duties—holding through financial intermediary*" apply.

Stamp taxes and duties—holding through financial intermediary

Under Article 13(2bis-2ter) of Decree No. 642 of October 26, 1972, as amended from time to time, a 0.2 % stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries. The Notes are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

The stamp duty cannot exceed €14,000.00 per year for Noteholders 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 and Finance on May 24, 2012, the 0.2% stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as "clients" as defined in the regulations issued by the Bank of Italy. 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.

Registration tax

Contracts relating to the transfer of the Notes are subject to the registration tax as follows:

(i) public deeds and private deeds with notarized signatures (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at a rate of €200.00; and

(ii) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €200.00 only in the case of use or voluntary registration or occurrence of the so-called *enunciazione*.

OECD Common Reporting Standards and EU DAC 6 reporting obligations

The EU Savings Directive adopted on June 3, 2003, by the EU Council of Economic and Finance Ministers (as subsequently amended) on taxation of savings income in the form of interest payments has been repealed from January 1, 2016 to prevent overlap between the Savings Directive and the new automatic exchange of information regime implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU).

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017.

Italy has enacted Italian Law No. 95 of June 18, 2015 ("**Law 95/2015**"), implementing the CRS and the amended EU Directive on Administrative Cooperation, which provides for the exchange of information in relation to the calendar year 2016 and later. Law 95/2015 has been implemented by the Italian Ministerial Decree dated December 28, 2015 which has been recently amended by the Italian Ministerial Decree dated 20 June 2019 and published in the Official Gazette on 9 July 2019.

In the event that holders of the Notes hold the Notes through an Italian financial institution (as meant in the Italian Ministerial Decree dated June 20, 2019), they may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the Italian implementation of the CRS.

As a consequence of the OECD project on "Base erosion and Profit Shifting" (BEPS), the EU DAC 6 Directive ("**DAC 6**") has been adopted on May 25, 2018 by the EU Council, amending Council Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements. According to DAC 6, intermediaries and, in some circumstances, taxpayers are required to notify the competent tax authorities of each Member States any cross-border arrangements that have at least one of the so-called "hallmarks" designed by the EU legislator as "markers" of potential risk of international tax evasion or avoidance or circumvention of disclosure requirements on financial accounts (CRS).

On August 26, 2020, the Legislative Decree No. 100, July 30, 2020 (the "**DAC 6 Decree**"), implementing the said Directive, with disclosure obligations for intermediaries and taxpayers, was published. Italian Ministry of Finance issued a Ministerial Decree on November 20, 2020, clarifying certain criteria set by the Italian law that trigger the reporting obligations.

Certain U.S. federal income tax considerations

The following is a discussion of certain U.S. federal income tax considerations related to the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. This discussion is limited to consequences relevant to a U.S. holder (as defined below) except for the discussion of FATCA (as defined under *"—Foreign Account Tax Compliance Act*"), and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations issued thereunder (the "**Treasury Regulations**"), and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the U.S. Internal Revenue Service (the "**IRS**") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances, including the impact of the alternative minimum tax or the unearned income Medicare contribution tax, or to holders subject to special rules, such as certain financial institutions, U.S. expatriates, insurance companies, individual retirement accounts, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass through entities or arrangements and investors therein, U.S. holders that are resident in or have a permanent establishment in a jurisdiction outside the United States persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction, and persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement. In addition, this discussion is limited to persons who purchase the Notes for cash at original issuance and at their "issue price" (the first price at which a substantial amount of the Notes is sold for money to investors) and who hold the Notes as capital assets within the meaning of Section 1221 of the Code (generally for investment). For purposes of this discussion, a "U.S. holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person. If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes. Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws, the U.S. federal Medicare tax on net investment income and state, local, non-U.S. or other tax laws.

Transactions related to the Acquisition

If the conditions for the Post-Completion Merger are met, it is expected that the Issuer will merge with the MergerCo, with MergerCo being the surviving entity. MergerCo, as the surviving entity, will assume the obligations of the Issuer under the Notes. See *"Description of the Notes—Post-Completion Merger*." Although the issue is not free from doubt, we intend to take the position (to the extent we are required to do so) that these transactions will not constitute a significant modification of the Notes and therefore will not be treated as resulting in a deemed exchange for U.S. federal income tax purposes. It is possible, however, that the IRS could take a contrary view, and seek to treat the Post-Completion Merger and the assumption of the obligations under the Notes by MergerCo as resulting in a deemed exchange for U.S. federal income tax purposes. If such a position were taken and sustained, and the fair market value of the Notes at the time of the Post-Completion Merger were less than the principal amount of the "new" Notes (by more than a statutorily defined de minimis amount), such Notes could be treated as issued with OID for U.S. federal income tax purposes. In addition, U.S. holders generally would recognize any gain in connection with such deemed exchange (although any loss could be disallowed) and would have a new holding period and new tax basis in the Notes for U.S. federal income tax purposes. U.S. holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences to them of the Acquisition and the Post-Completion Merger. The balance of the discussion below assumes that the Post-Completion Merger and the assumption of the obligation under the Notes by MergerCo will not be treated as a deemed exchange for U.S. federal income tax purposes.

Effect of the IPO 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 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 OID for U.S. federal income tax purposes.

Characterization of the Notes

In certain circumstances (see "*Description of the Notes—Escrow of Proceeds; Special Mandatory 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 less than their stated principal amount (plus accrued and unpaid interest), or may be obligated to redeem the Notes or to make certain payments on the Notes in excess of stated principal and interest. 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 own tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof.

Payments of stated interest

Payments of stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be includible in the gross income of a U.S. holder as ordinary interest income at the time the interest is received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes. A U.S. holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the euro interest payment (translated at the spot rate of exchange on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time. A cash method U.S. holder will not recognize foreign currency exchange gain or loss with respect to the receipt of such interest, but may recognize exchange gain or loss attributable to the actual disposition of the euro so received. A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes (or who otherwise is required to accrue interest prior to receipt) will be required to include in income (as ordinary income) the U.S. dollar value of the amount of stated interest income in euro that has accrued with respect to its Notes during an accrual period. The U.S. dollar value of such euro denominated accrued interest generally will be determined by translating such amount at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within each taxable year. An accrual basis U.S. holder may elect, however, to translate such accrued interest income into U.S. dollars at the spot rate of exchange on the last day of the interest accrual period or, with respect to an accrual period that spans two taxable years, at the spot rate of exchange on the last day of the taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. holder that has made the election described in the prior sentence may translate such interest at the spot rate of exchange on the date of receipt of the interest. The above election will apply to other debt instruments held by an electing U.S. holder and may not be changed without the consent of the IRS. A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes may recognize exchange gain or loss with respect to accrued interest income on the date such interest is received. The amount of exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the euro payment received (translated at the spot rate of exchange on the date such interest is received) in respect of such accrual period and the U.S. dollar value of the interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time. Any such exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Foreign tax credit

Interest income on a Note generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit 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). The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. holder's particular circumstances. U.S. holders should consult their tax advisors regarding the availability of foreign tax credits.

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 (not including any amount attributable to accrued but unpaid stated interest, which will be taxable as interest income as discussed above to the extent not previously included in income by the U.S. holder) and such U.S. holder's adjusted tax basis in the Note. A U.S. holder's adjusted tax basis in a Note will, in general, be the cost of such Note to such U.S. holder. The cost of a Note purchased with euro generally will be the U.S. dollar value of the foreign currency purchase price translated at the spot rate on the date of purchase. If the applicable Note is treated as traded on an established securities market and the relevant U.S. holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described below, such U.S. holder will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. If a U.S. holder receives euro on a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such euro translated at the spot rate of exchange on the date of such taxable disposition. In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. holder and, if it so elects, an accrual basis U.S. holder, will determine the U.S. dollar value of such euro by translating such amount at the spot rate of exchange on the settlement date of the disposition. The special election available to accrual basis U.S. holders in regard to the purchase or disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. holder from year to year and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make the special election will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss. Gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will be U.S. source ordinary income or loss and generally will not be treated as interest income or expense. Such gain or loss generally will equal the difference, if any, between the U.S. dollar value of the U.S. holder's euro purchase price for the Note, translated at the spot rate of exchange on the date the U.S. holder disposes of the Note, and the U.S. dollar value of the U.S. holder's euro purchase price for the Note, translated at the spot rate of exchange on the date the U.S. holder purchased such Note. In addition, upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder may recognize foreign currency exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest, which will be treated as discussed above under *"—Payments of stated interest*." However, upon a sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder will recognize any foreign currency exchange gain or loss (including with respect to accrued stated interest) 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 euro 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 on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless such U.S. holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. holder fails to provide a correct taxpayer identification number or a certification that it is not subject to backup withholding, or otherwise fails to comply with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Tax return disclosure requirements

Treasury Regulations require the reporting to the IRS of certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest on or a sale, exchange, retirement, redemption or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement). U.S. holders who are individuals and who own "specified foreign financial assets" with an aggregate value in excess of certain minimum thresholds at any time during the tax year generally are required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. If a U.S. holder does not file a required IRS Form 8938, such holder may be subject to substantial penalties and the statute of limitations on the assessment and collection of all U.S. federal income taxes of such holder for the related tax year may not close before the date which is three years after the date on which such report is filed. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules. U.S. holders should consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Foreign Account Tax Compliance Act

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "**FATCA**") and subject to the proposed regulations discussed below, a "foreign financial institution" may be required to withhold U.S. tax on certain "foreign passthru payments" to the extent such payments are treated as attributable to certain U.S. source payments. Under proposed regulations, any withholding on foreign passthru payments generally would apply to passthru payments made on or after the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. Additionally, obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are published in the Federal Register generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA could apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Non-U.S. governments (including Italy) 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.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Notes offered hereby are governed by New York law. However, the Issuer's creation and issuance of the Notes (*i.e.*, its corporate resolutions) are governed by Italian law.

The Issuer of the Notes is incorporated under the laws of Italy. HoldCo and the Target are incorporated under the laws of Italy. Following the Post-Completion Merger, MergerCo will also be an entity incorporated under the laws of Italy. The documents relating to the Collateral for the Notes will be governed by the laws of Italy and the documents relating to the Escrow Charge will be governed by the laws of England and Wales. The Indenture and the Notes are or will be governed by New York law. The Intercreditor Agreement and the Revolving Credit Facility Agreement will be governed by the laws of England and Wales. All of the directors and executive officers of the Issuer are non-residents of the United States. Because substantially all of the assets of the Issuer and HoldCo and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer, HoldCo, or MergerCo or any such other non-U.S. resident person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes, the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws, or other laws against us or on such other persons as mentioned above in the courts of a foreign jurisdiction. It may be possible for investors to effect service of process within other jurisdictions upon those persons, the Issuer 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, HoldCo or, following the Post-Completion Merger, MergerCo, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which the Collateral 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 the defendant party's failure to appear before the court, the U.S. court declared such default in accordance with U.S. law;
- the judgment is final and not subject to any further appeal (*passato in giudicato*) 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 INSOLVENCY LAW CONSIDERATIONS AND LIMITATIONS ON THE VALIDITY AND ENFORCEABILITY OF THE GUARANTEE AND THE SECURITY INTERESTS

The following is a summary of certain insolvency law considerations in Italy, the jurisdiction where the Issuer and the Target are organized and certain limitations on the validity and enforceability of the Guarantee and of the security interests applicable to the Collateral. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor or a future security provider of the Notes and it does not purport to be complete or to discuss all the limitations or considerations that may affect the validity and enforceability of the Notes, the Guarantee or the security interests being provided for the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and the security interests in the Collateral. Prospective investors should consult their own legal advisors with respect to such limitations and considerations.

European Union

The Issuer and the Target are incorporated under the laws of Member States of the European Union (the "**EU**").

The EC Regulation No. 2015/848 on Insolvency Proceedings (the "**Insolvency Regulation**") applies to insolvencies which commence after June 26, 2017 (subject to certain exceptions).

Pursuant to Article 3(1) of the Insolvency Regulation, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU member state (other than Denmark) where the company concerned has its "**center of main interests**." The determination of where any such company has its "center of main interests" is a question of fact on which the courts of the different EU member states may have differing and conflicting views.

The term "center of main interests" is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition. In the case of a company or legal person, the center of main interests is presumed to be located in the country of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another EU member state within the three-month period prior to the request for the opening of insolvency proceedings. Specifically, the presumption of the center of main interests being at the place of the registered office should be rebuttable if the company's central administration is located in an EU member state other than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and the center of the management of its interests is located in that other EU member state. In that respect, the factors that courts may take into consideration when determining the center of main interests of a debtor can include where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established and where they recognize as being the center of the company's operations.

If the center of main interests of a company, at the time an insolvency application is made, is located in an EU member state (other than Denmark), only the courts of that EU member state have jurisdiction to open main insolvency proceedings in respect of that company under the Insolvency Regulation. The types of insolvency proceedings which may be opened as main proceedings in the relevant jurisdiction are listed in Annex A to the Insolvency Regulation.

If the center of main interests of a company is in one EU member state (other than Denmark), under Article 3(2) of the Insolvency Regulation, the courts of another EU member state (other than Denmark) have jurisdiction (subject to certain exceptions) to open secondary and territorial insolvency proceedings against that company only if such company has an "establishment" (within the meaning and as defined in Article 2(10) of the Insolvency Regulation) in the territory of such other EU member state. Secondary proceedings may be any insolvency proceeding listed in Annex A of the Insolvency Regulation. Territorial proceedings are, in effect, secondary proceedings which are commenced prior to the opening of main insolvency proceedings. An "establishment" is defined to mean any place of operations where the company carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those insolvency proceedings opened in that other EU member state are restricted to the assets of the company which are situated in such other EU member state.

Pursuant to Article 3(4) of the Insolvency Regulation, where main proceedings in the EU member state in which the company has its center of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another EU member state where the company has an establishment and either: (a) insolvency proceedings cannot be opened in the EU member state in which the company's center of main interests is situated under that EU member state's law; or (b) the territorial insolvency proceedings are opened at the request of a creditor whose claim arises from the operation of the establishment or a public authority has the right to request the opening of such proceedings. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will always, subject to certain exemptions, be governed by the *Lex fori concursus*, that is, the local insolvency law of the court that has assumed jurisdiction for the insolvency proceedings of the debtor.

The courts of all EU member states (other than Denmark) must recognize the judgment of the court opening main proceedings (subject to any public policy exceptions) and give the same effect to the order in the other relevant EU member state so long as no secondary proceedings have been opened there. The insolvency officeholder appointed by a court in a EU member state that has jurisdiction to open main proceedings may exercise the powers conferred on him by the law of that EU member state in another EU member state (such as to remove assets of the company from that other EU member state), subject to certain limitations, so long as no insolvency proceedings have been opened in that other EU member state or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other EU member state where the company has assets.

The Insolvency Regulation has created a treatment for groups of companies experiencing difficulties by the commencement of group coordination proceedings and the appointment of an insolvency practitioner in order to facilitate the effective administration of the insolvency proceedings of our group's members.

In addition, the concept of "group coordination proceedings" has been introduced in the Insolvency Regulation with the aim of bolstering communication and efficiency in the insolvency of several members of a group of companies in one or more member states of the EU (other than Denmark). Under Article 61 of the Insolvency Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Participation in group proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan however is voluntary.

In the event that the Issuer 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

Limitation on granting of security interests and on enforcement under Italian law

Under Italian law, the entry into a transaction (including the creation of a security interest or the granting of a guarantee) by a company incorporated under Italian law must be permitted by the applicable laws and by its by-laws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other Italian mandatory provisions. If a security interest or 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 or guarantee (as applicable) financial obligations of the direct or indirect parent or sister companies of the relevant security provider/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 the Italian Banking Act, whose exercise is exclusively demanded to banks and authorized financial intermediaries. Non-compliance with the provisions of the Italian Banking Act may, among others, entail the relevant guarantees being considered null and void. In this respect, Italian Legislative Decree No. 53 of April 2, 2015, implementing Article 106, paragraph 3, of the Italian Banking Act, states that the issuance of guarantees or the granting of security by a company for the obligations of another company which is part of the same group does not qualify as a restricted financial activity, whereby “group” includes controlling and controlled companies within the meaning of Article 2359 of the Italian Civil Code as well as companies which are under the control of the same entity. As a result of the above described rules, subject to the relevant guarantors and the guaranteed entity being part of the same group of companies, the provision of the guarantees would not amount to a restricted financial activity.

Financial assistance

In addition, the granting of a security or a guarantee by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotas or those of its direct or indirect parent company would also be a violation of financial assistance provisions. Any loan, guarantee or security given or granted in breach of these provisions is null and void. In addition, directors may be personally liable for failure to act in the best interests of the company.

Article 1938 of the Italian Civil Code

Pursuant to Article 1938 of the Italian Civil Code, if a guarantee granted by an Italian guarantor is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture). In addition, as mentioned above, the guarantees granted by an Italian guarantor must be supported by corporate benefit; in other words, the maximum guaranteed amount must be indicated in the guarantee and shall not exceed the financial capabilities of the relevant Italian guarantor. It has been held that such determination must be proportionate to the relevant Italian guarantor’s assets. If such determination is deemed disproportional to the assets of the relevant Italian guarantor, there is the risk that the guarantee could be declared void.

Limitations to the Guarantees and Collateral

In order to comply with the above corporate law requirements on corporate benefit and financial assistance, the maximum amount that any Guarantor incorporated under the laws of Italy (each, an "**Italian Guarantor**") may be required to pay in respect of its obligations as Guarantor under the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement and any other transaction documents related thereto, will be subject to limitations. By virtue of these limitations, an Italian Guarantor's obligation under its Guarantee will be significantly less than amounts payable with respect to the Notes, or an Italian Guarantor may have effectively no obligation under its Guarantee.

In the event that the Post-Completion Merger does not occur on or prior to the Cut-Off Date, as regards to the Target, given the above limitation in relation to Italian financial assistance law and corporate benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement, and/or the Intercreditor Agreement:

(i) the Guarantee and security interests (if any) granted by the Target will only guarantee and secure the Issuer's obligations under the Tranche B (as defined in "*Use of Proceeds*") under the Notes and shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans (including the Funding Loan) (or other financial support in any form, not including equity contributions) advanced from time to time to the Target (or any of its direct or indirect subsidiaries pursuant to Article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly) on or following the Acquisition Closing Date, in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/or the Intercreditor Agreement and/or received upon the enforcement of any security interests (if any) granted by the Target; provided that the Target shall be fully entitled to exercise any rights of set-off, recourse or subrogation ("*regresso*" or "*surrogazione*") or other similar rights it may have by reason of any payment made by it under its Guarantee in respect of any obligations owed by the Issuer, against the payment obligations of the Target under any relevant intercompany loans and/or documentary credits and/or any other financial support received by the Target, provided that the liability of the Target under its Guarantee shall not exceed the aggregate amount of any such intercompany loans and/or documentary credits and/or any other financial support following the exercise of any such set-off rights;

(ii) the maximum amount guaranteed and/or secured by the Target, also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed the lower of (i) 120% of the outstanding principal amount of the Notes, and (ii) the aggregate amount of the principal amount of the Tranche B (as defined in "*Use of Proceeds*") under the Notes, reduced, from time to time, by an amount equal to any repayment, prepayment or redemption of the principal amount of the Notes multiplied by the ratio of (I) the aggregate amount of the original principal amount of the Tranche B (as defined in "*Use of Proceeds*") under the Notes to (II) the original principal amount of the Notes;

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

(iv) notwithstanding any provision to the contrary in the Indenture, in order to comply with the mandatory provisions of Italian law in relation to (i) maximum interest rates (including the Italian Usury Law and Article 1815 of the Italian Civil Code) and (ii) capitalization of interests (including article 1283 of the Italian Civil Code and article 120 of the Italian Banking Act), the obligations of the Target under its Guarantee shall not include and shall not extend to (A) any interest qualifying as usurious pursuant the Italian Usury Law and (B) any interest on overdue amounts compounded in violation of the provisions set forth by article 1283 of the Italian Civil Code and/or article 120 of the Italian Banking Act, respectively; and

(v) any guarantee, indemnity, obligations and liability granted or assumed pursuant to the relevant Guarantee and/or security interest (if any) by the Target does not (and will not) include and does not (and will not) extend, directly or indirectly, to any amounts and/or payment obligations other than the amounts and/or payment obligations under Tranche B (as defined in "*Use of Proceeds*") under the Notes.

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

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

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

The proceeds of the enforcement of said guarantees and/or security interests will be distributed amongst the guaranteed and/or secured creditors (including, without, limitation, the holders of the Notes) in accordance with the provisions of the Intercreditor Agreement. Accordingly, the holders of the Notes will be able to recover limited amounts under the relevant Guarantees and security.

Trust

The Collateral will be created and perfected in favor of the Security Agent acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Italian Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of the holders of the notes or in favor of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries. In addition, as the holders of the Notes are not direct parties to the Indenture, there is the risk that the appointment of the Security Agent in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the Security Documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of paragraph 3 of Article 2414-*bis*, paragraph 3, of the Italian Civil Code are new and, as such, untested by Italian Courts and, therefore, even if the appointment of the *rappresentante* is upheld by an Italian Court, it cannot be excluded that an Italian Court may take a different view and interpretation and determine that, where the Collateral is granted in favor of the *rappresentante*, the holders of the Notes at the time of enforcement are not secured by the Collateral and/or cannot enforce that Collateral.

Furthermore, to date, the Italian courts have not considered whether a common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code may be validly appointed by means of a contractual arrangement (such as the Indenture) and the validity and enforceability of such appointment may not be upheld by a court.

Moreover, it is uncertain and untested in the Italian courts whether, under Italian law, a security interest can be created and perfected: (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant security documents or are not specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of a "trustee," since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of a "trustee" as trustee under security interests granted over Italian assets is uncertain under Italian law.

Certain considerations in relation to guarantees and security interests

Italian corporate law (Articles 2497-*quinquies* and 2467 of the Italian Civil Code) provides for rules to protect creditors against "*undercapitalized companies*" and provides for remedies in respect thereof. In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower, if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("*undercapitalization*"). 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.

However, due to the COVID-19 emergency, the Liquidity Decree according to which the provisions summarized above are temporarily frozen and therefore loans granted by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a limited liability company (*società a responsabilità limitata*) during the period between April 9, 2020 and December 31, 2020 are exempted from the application of the so-called "*equitable subordination*" rule.

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 security interests given by it or by way of a trust or parallel debt obligation could be subject to potential challenges by the appointed bankruptcy receiver or by other creditors under the rules of ineffectiveness or avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the "*suspect period*").

For a more detailed explanation of the terms, conditions and consequences of clawback actions in an insolvency scenario, see "—*Certain Italian insolvency law considerations*" below. If challenged successfully, the guarantee or the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest or guarantee is voided, holders of the Notes could lose the benefit of the security interest or guarantee and may not be able to recover any amounts under the related security documents.

Furthermore, in the event that the limitations on the guarantee issued by an Italian guarantor apply and/or there are payment obligations under any Notes other than in respect of principal or interest, the noteholders could have a reduced claim against the relevant guarantor.

According to Italian law, the enforcement of any claims, obligations, security interest and rights in general may be subject to, inter alia, the following aspects:

- the enforcement of obligations may be limited by the insolvency proceedings listed below relating to or affecting the rights of creditors;
- an Italian court will not necessarily grant any specific enforcement or precautionary measures, the availability of which is subject to the discretion of the Court;
- with respect to contracts providing for mutual obligations (*contratti a prestazioni corrispettive*), each party can refuse to perform its obligation if the other party does not perform or does not offer to perform its own obligation thereunder, in accordance with and subject to the provisions of Article 1460 of the Italian Civil Code;
- claims arising under Italian law governed documents may become barred under the provision of Italian law concerning prescriptions and limitations by the lapse of time (*prescrizioni e decadenze*) or may be or become subject to a claim of set-off (*compensazione*) or to counterclaim;
- pursuant to Article 1241 of the Italian Civil Code concerning set-off of reciprocal obligations (*compensazione*), persons who have reciprocal debt obligations may set-off such obligations for the correspondent amount when both such debt obligations have as an object a pecuniary obligation or fungible assets of the same kind and are equally liquid and payable;
- where any party to any agreement or instrument is vested with discretion or may determine a matter in its opinion, Italian law may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds;
- the enforceability in Italy of obligations or contractual provisions governed by a foreign law may be limited by the application of Italian overriding mandatory provisions (*norme di applicazione necessaria*) and by the fact that the relevant provisions of foreign laws may be deemed contrary to Italian public policy principles and there is no case law setting out specific criteria for the application of such legal concepts under Italian law;
- there is some possibility that an Italian court could hold that a judgment on a particular agreement or instrument, whether given in an Italian court or elsewhere, would supersede such agreement or instrument to all intents and purposes, so that any obligation thereunder which by its terms would survive such judgment might not be held to do so;

- enforcement of obligations may be invalidated by reason of fraud or abuse of the law (*abuso del diritto*);
- the enforceability of an obligation pursuant to the terms set forth in any agreement or instrument may be subject to the interpretation of an Italian court which may carry out such interpretation pursuant to the provisions of Articles 1362 and following of the Italian Civil Code;
- any question as to whether or not any provision of any agreement or instrument which is illegal, invalid, not binding, unenforceable or void may be severed from the other provisions thereof in order to save those other provisions would be determined by an Italian court on the basis of the interpretation of intention of the parties, taking also into account the conduct of the parties following the execution of such agreement or instrument (Article 1419 of the Italian Civil Code);
- an Italian company, either directly or indirectly, cannot grant loans or provide security interest for the purchase or subscription of its own shares unless the strict requirements provided for the Italian Civil Code are satisfied;
- an Italian company must have a specific corporate interest in guaranteeing or securing financial obligations of its parent company or any other companies, whether related or unrelated, such interest being determined by the relevant company on a case-by-case basis;
- in case of bankruptcy, a receiver in bankruptcy is appointed by the court to administer the proceeding under the supervision of the bankruptcy court and creditors' committee and creditors cannot start or continue individual foreclosure actions (including the enforcement of security interests) against the debtor (automatic stay). Furthermore, the sale of the relevant pledged assets is carried out by such receiver unless the pledgee is expressly authorized by the bankruptcy court;
- the preemption rights (*prelazione*) granted by a pledge extend to interest accrued in the year in which the date of the relevant seizure/attachment or adjudication in bankruptcy falls (or, in the absence of seizure/attachment, at the date of the notification of the payment demand (*precetto*) and extend, moreover, to interest accrued and to accrue thereafter, but only to the extent of legal interest and until the date of the forced sale occurred in the context of the relevant foreclosure proceeding/bankruptcy proceedings;
- in order to oppose an assignment to any third party, it will be necessary to notify such assignment to the relevant debtor or make such debtor to accept it by an instrument bearing an undisputable date (*data certa*); the priority of such assignment will be determined accordingly. One way of ensuring that a document has an indisputable date is that of ensuring that the execution of the relevant document by one of the parties to it is witnessed by a notary who states the date of witnessing on the document;
- there could be circumstances in which Italian law would not give effect to provisions concerning advance waivers or forfeitures;
- the effectiveness of terms exculpating a party from liability or duties otherwise owed is prevented by Italian law in the event of gross negligence (*colpa grave*), willful misconduct (*dolo*) or the violation of mandatory provisions;
- penalties and liquidated damages (*penali*) may be equitably reduced by a court;
- any obligation of an Italian company and/or any obligation secured or guaranteed by an Italian company, which is in violation of certain Italian mandatory or public policy rules (including, among others, any obligation to pay: (i) any portion of interest exceeding the thresholds of the interest rate permitted under the Italian Usury Law; and (ii) any portion of interest deriving from any compounding of interest which does not comply with Italian law, including Article 1283 of the Italian Civil Code, according to which, accrued and unpaid interest can be capitalized only after legal proceedings to recover the debt were started or in the event the interest were unpaid and capitalized for not less than six months based on an agreement executed after the relevant maturity date and Article 120 of the Italian Banking Act) may not be enforceable;
- if a party to an agreement is aware of the invalidity of that agreement and does not inform the other parties to that agreement of such invalidity, it is liable for the damages suffered by such other parties as a consequence of having relied upon the validity of the agreement;
- Italian courts do not necessarily give full effect to an indemnity for the costs of enforcement or litigation;

- a security interest does not prevent creditors of the relevant debtor other than 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 public companies are involved.

Insolvency laws and regulations have recently been substantially reviewed and significant amendments are expected in the near future. In particular, the Italian government approved on January 12, 2019 the Legislative Decree No. 14 of January 12, 2019 implementing the guidelines contained in Law No. 155 dated October 19, 2017 contending the scheme of a new comprehensive legal framework in order to regulate, inter alia, insolvency matters (the "**Legislative Decree**"), which substantially reforms the Royal Decree No. 267 of March 16, 1942, as subsequently amended and supplemented and currently in force (the "**Italian Bankruptcy Law**") and 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.

Except for minor changes in some provisions of the Italian Civil Code, which already entered into force on March 16, 2019, in response to the Covid-19 pandemic, the entry into force of the Insolvency Code has been postponed to September 1, 2021 by the Law Decree No. 23 of April 8, 2020 (the "**Liquidity Decree**"), as converted by Law No. 40 of June 5, 2020, and is now scheduled for May 16, 2022, except for the section named *Parte Prima-Titolo II* (*i.e.*, the new preventive alert and mediation phase), which will entry into force on

December 31, 2023, pursuant to Article 1 of the Law Decree No. 118 dated August 24, 2021 (the "**Law Decree 118/2021**"), published in the *Gazzetta Ufficiale* No. 202 of August 24, 2021.

Law Decree 118/2021 needs to be converted in law within 60 days from its publication in the *Gazzetta Ufficiale*, otherwise it will cease to be effective; in the context of the conversion process changes and amendments – which cannot be foreseen – may be included and impact the above new provisions.

Considering the above, the following is a brief description of certain aspects of insolvency law in Italy as it stands now.

The main innovations of the Law Decree 118/2021 are the following:

(i) additional postponement of the entry into force of the Insolvency Code;

(ii) introduction of a new a negotiated composition proceeding (*composizione negoziata della crisi*) and of a simplified court-supervised pre-bankruptcy composition with creditors with liquidation purpose (concordato semplificato per la liquidazione del patrimonio);

(iii) amendments to the Italian Bankruptcy Law, which anticipate certain provisions of the Insolvency Code.

The postponement of the entry into force of the Insolvency Code, and the amendments to the Italian Bankruptcy Law, are effective as of August 25, 2021 (*i.e*., the day following the publication of the Law Decree 118/2021 in the *Gazzetta Ufficiale*), while the *composizione negoziata della crisi* and the *concordato semplificato per la liquidazione del patrimonio* are effective as of November 15, 2021. Accordingly, the practical consequences of the implementation of such reforms cannot to date be foreseen in their entirety.

The *composizione negoziata della crisi* is an out-of-court proceeding, but the court can be involved in the two following circumstances: ***(i)*** when the entrepreneur files a petition pursuant to Article 7 of the Law Decree 118/2021 requesting the court to confirm or modify the protective measures (the "**Protective Measures**"), and, if necessary, to enact the *interim* measures necessary to complete the negotiations (the "**Interim Measures**"), and ***(ii)*** when the entrepreneur files a petition pursuant to Article 10 of the Law Decree 118/2021 asking the court to authorize certain acts, or to modify the conditions of certain contracts if, as a consequence of the COVID-19 pandemic, such contracts pose an excessive burden on the entrepreneur.

The *composizione negoziata della crisi* can be pursued by enterprises, either commercial (*imprenditore commerciale*) and agricultural (*imprenditore agricolo*), which are in a distressed situation with reference to their assets, their business and/or their finance, such that it is likely that a crisis or insolvency will follow, notwithstanding the general thresholds for the application of Italian Bankruptcy Law are not met.

Pursuant to Article 13 of the Law Decree 118/2021, the *composizione negoziata della crisi* may also apply to corporate groups.

The *composizione negoziata della crisi* is commenced by the enterprises, on a voluntary basis only, with the filing of a petition for the appointment of an independent expert (the "**Expert**").

If the Expert finds that there are concrete chances of recovery (*risanamento*), he/she meets with the parties involved in the entrepreneur's recovery process and presents the possible strategies, scheduling periodic meetings close in time to one another. During the negotiations, all the parties involved must act in good faith and with fairness, must cooperate and are bound by confidentiality on the entrepreneur's situation, on the actions carried out or planned by the entrepreneur and on the information received in the course of the negotiations.

If the Expert finds that there are not concrete chances of recovery (*risanamento*), after the meeting with the entrepreneur or thereafter, he/she notifies the entrepreneur and the secretary general of the chamber of commerce, which provides for the dismissal of the entrepreneur's petition.

The Expert's appointment is considered terminated if, after 180 days from its appointment, the parties have not agreed on a solution (that can also be proposed by the Expert) for overcoming the entrepreneur's distressed situation. However, the Expert's appointment can continue if ***(i)*** all the parties involved in the negotiations require so and the Expert agrees, or ***(ii)*** the prosecution of the appointment is required by the fact that the entrepreneur has filed a petition to the court pursuant to Article 7 and/or Article 10 of the Law Decree 118/2021.

Pursuant to Article 5, Paragraph 8 of the Law Decree 118/2021, at the end of his/her appointment the Expert issues a final report (the "**Final Report**"), uploads it on the Platform, and notifies it to the entrepreneur and to the court that has granted the Protective Measures and Interim Measures (if any).

Pursuant to Article 6 of the Law Decree 118/2021, together with the petition for appointment of the Expert, or with a subsequent petition, the entrepreneur can request the application of Protective Measures. The Protective Measures consist of the following: from the date of publication of the relevant petition, preexisting creditors cannot obtain preemption rights (*diritti di prelazione*) unless agreed upon by the entrepreneur and all enforcement and interim actions are stayed. However, as opposed to what happens in the *concordato preventivo*, payment of preexisting creditors is not forbidden. The Protective Measures do not apply to employees' claims.

From the date of publication of the petition requesting the application of the Protective Measures until the date of conclusion of the negotiations or dismissal of the petition for appointment of the Expert, the entrepreneur cannot be declared bankrupt nor insolvent.

The creditors whose rights are affected by the Protective Measures cannot unilaterally refuse to perform their obligations under the contracts in place with the entrepreneur, nor terminate such contracts, nor anticipate their expiration date, nor amend them with detrimental consequences for the entrepreneur, solely on the ground of the missed payment of claims arisen prior to the publication of the petition requesting the application of the Protective Measures.

If the entrepreneur applies for the Protective Measures (which, as said, are immediately effective), he must simultaneously file the same request to the competent court, in order to allow a judge to check the said measures and to confirm them or, if necessary, to modify them. In the absence of this request, the Protective Measures will be ineffective.

The duration of the Protective Measures and, if necessary, the Interim Measures, is established by an order of the court in a range between 30 and 120 days, and, upon request of the parties and after obtaining the opinion of the Expert, can be extended for the time required to positively finalize the negotiations up to a maximum of 240 days.

Pending the negotiations, the entrepreneur may carry out acts pertaining to ordinary activity, and, upon written notice to the Expert, carry out acts pertaining to extraordinary activity or make payments non-consistent with the negotiations nor with the perspectives of recovery.

If the Expert believes that a certain act causes prejudice to the creditors, to the negotiations or to the perspectives of recovery, he/she reports it in writing to the entrepreneur and to the enterprise's control body. If, notwithstanding the Expert's report, the entrepreneur carries out the relevant act, the entrepreneur gives immediate notice to the Expert, who may file his/her dissent for the registration with in the companies' register. When Protective Measures and/or Interim Measures have been granted, the Expert also reports to the court which may revoke such measures or reduce their duration pursuant to Article 7, Paragraph 6 of the Law Decree 118/2021.

Pursuant to Article 10 of the Law Decree 118/2021, the court, upon the entrepreneur's request and to the extent that this is consistent with the continuation of the business as a going concern and with the maximization of the creditors' recovery, may authorize:

(a) the entrepreneur or one or more companies belonging to the same group to incur new super-senior indebtedness (*prededucibile*) pursuant to Article 111 of the Italian Bankruptcy Law;

(b) the entrepreneur to incur new super-senior indebtedness (so-called *prededucibile*) via shareholders' financing pursuant to Article 111 of the Italian Bankruptcy Law;

(c) the entrepreneur to transfer its business, or certain business branches, without the effects provided under Article 2560, Paragraph 2, of the Italian Civil Code.

Pursuant to Article 11 of the Law Decree 118/2021, the *composizione negoziata della crisi* can terminate as follow:

(a) execution of an agreement between the entrepreneur and one or more creditors, which constitutes cause for application of the reward measures provided under Article 14 of the Law Decree 118/2021 if, according to the Expert's Final Report, such agreement ensures the continuation of the business as a going concern for at least 2 years;

(b) execution of a standstill agreement (*convenzione di moratoria*) pursuant to Article 182 *octies* of the Italian Bankruptcy Law;

(c) execution of an agreement signed by the entrepreneur, by the creditors and by the Expert, with the effects provided under Article 67, Paragraph 3, letter d) of the Italian Bankruptcy Law without the need for an independent expert's report (*attestazione*) provided thereby.

At the end of the negotiations, the entrepreneur can also file a petition requesting the sanctioning of a debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti*) pursuant to Article 182-*bis*, Article 182 *septies* or Article 182 *novies* of the Italian Bankruptcy Law.

Alternatively, the entrepreneur may:

(a) arrange an out-of-court reorganization plan (*piano attestato di risanamento*) pursuant to Article 67, Paragraph 3, letter d) of the Italian Bankruptcy Law;

(b) file a petition for admission to the *concordato semplificato per la liquidazione del patrimonio* pursuant to Article 18 of the Law Decree 118/2021;

(c) enter into one of the insolvency proceedings provided under the Italian Bankruptcy Law or in the so-called *Prodi-bis procedure* or *Marzano procedure*.

Pursuant to Article 12 of the Law Decree 118/2021:

(i) the acts authorized by the court pursuant to Article 10 of the Law Decree 118/2021 maintain their effects in the event of subsequent sanctioned debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti omologato*), sanctioned court-supervised pre-bankruptcy composition with creditors (*concordato preventivo omologato*), bankruptcy (*fallimento*), compulsory administrative winding-up (*liquidazione coatta amministrativa*), extraordinary administration for large insolvent companies (*amministrazione straordinaria*) or *concordato semplificato per la liquidazione del patrimonio*;

(ii) the payments of debts that are immediately due and payable, any onerous transactions and the granting of security interests made after the Expert accepted its appointment, are exempted from claw-back actions pursuant to Article 67, Paragraph 2, of the Italian Bankruptcy Law if they are consistent with the development and the status of the negotiations and with the perspectives of recovery (*risanamento*) in place at the time the payment/transaction/granting of security interest was made;

(iii) acts pertaining to the entrepreneur's extraordinary activity and payment made after the Expert accepted its appointment are subject to claw-back actions pursuant to Article 66 and Article 67 of the Italian Bankruptcy Law if the Expert has registered his/her dissent in the companies' register or if the court has denied its authorization pursuant to Article 10 of the Law Decree 118/2021;

(iv) payment and transactions made after the Expert accepted its appointment, which the Expert assesses to be consistent with the development of the negotiations and with the perspectives of recovery (*risanamento*) of the enterprise, or which have been authorized by the court pursuant to Article 10 of the Law Decree 118/2021, benefit of exemptions from the potential application of certain criminal sanctions.

Article 18 of the Law Decree 118/2021 introduces a simplified court-supervised pre-bankruptcy composition with creditors with liquidation purpose (*concordato semplificato per la liquidazione del patrimonio*).

If, in its Final Report, the Expert states that the negotiations did not have a positive outcome, and that the options provided under Article 11, Paragraphs 1 and 2, of the Law Decree 118/2021 are not feasible, within 60 days following the notification of the Final Report the entrepreneur may file a petition for admission to the *concordato semplificato per la liquidazione del patrimonio*, together with a liquidation plan and the documents listed under Article 161, Paragraph 2, letters *a)*, *b)*, *c)* and *d)* of the Italian Bankruptcy Law. The petition for *concordato semplificato per la liquidazione del patrimonio* is then published in the companies' register within the day following the filing with the court. From the date of such publication, the effects provided under Articles 111, 167, 168 and 169 of the Italian Bankruptcy Law apply.

The court issues a decree approval (*omologazione*) the *concordato semplificato per la liquidazione del patrimonio* when it finds that *(i)* the proceeding has been carried out in accordance with relevant laws and regulations and the adversarial principle among the parties (*contraddittorio*); *(ii)* the proposal is compliant with preemption rights (*cause di prelazione*) and the liquidation plan is feasible, and *(iii)* the proposal does not cause a prejudice to the creditors compared to what they would receive in case of insolvent liquidation of the entrepreneur , and in any case ensures that each creditor receives a certain recovery.

The parties may file an objection (*opposizione*) to the above-mentioned decree within 30 days after having been notified of the same.

Apart from the Law Decree 118/2021 and the Insolvency Code, the most recent reforms that have been implemented by the Italian government on the main Italian bankruptcy legislation as defined below are: (i) the reform approved on June 23, 2015, through a Law Decree containing urgent reforms applicable, inter alia, to Italian Bankruptcy Law (the "**Decree 83/2015**"). The Decree 83/2015 entered into force in June 2015 (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 August 21, 2015 (the date of its publication in the *Gazzetta Ufficiale*); and (ii) the amendments implemented by means of the adoption of (a) the Law Decree No. 59 of May 3, 2016, converted into law by Italian Law No. 119 of June 30, 2016, and (b) Italian Law No. 232 of December 11, 2016.

The two primary aims of the Italian Bankruptcy Law are to liquidate the debtor's assets and protect the goodwill of the going concern (if any) for the satisfaction of creditors' claim as well as, in case of the "*Prodi-bis*" procedure or "*Marzano*" procedure, to maintain employment. These competing aims have often been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation, focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy (*fallimento*) must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency, as defined under Article 5 of the Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations as they come due. This must be a permanent, rather than a temporary status of insolvency, in order for a court to hold that a company is insolvent. In cases where a company is facing financial difficulties or temporary cash shortfall and, in general, financial distress, it may be possible for it to enter into out-of-court arrangements with its creditors, which may safeguard the existence of the company, but which are susceptible of being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions.

In addition to the *composizione negoziata della crisi* and to the *concordato semplificato per la liquidazione del patrimonio* described above, the following debt restructuring and bankruptcy measures are available under Italian law for companies in a state of crisis and for insolvent companies.

The amendments to the Italian Bankruptcy law introduced by the Law Decree 118/2021, which anticipate certain provisions of the Insolvency Code, will be examined in the following sections.

Restructuring outside of a judicial process (accordi stragiudiziali)

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor and because informal out-of-court arrangements put in place as a result of an out-of-court restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions, and may trigger liabilities in the event of a subsequent bankruptcy. However, in cases where a company is solvent, but facing financial difficulties, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

Out-of-court reorganization plans (piani attestati di risanamento) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento attestati*) 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, provided that they are finalized at restructuring the debtor's indebtedness and rebalancing its capital structure. Unlike court-supervised pre-bankruptcy composition with creditors and debt restructuring agreements, out-of-court reorganization plans do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Bankruptcy Law provides that, should these plans fail and the debtor be declared bankrupt, the payments and/ or acts carried out, and/or security interest granted for the implementation of the reorganization plan, subject to certain conditions (a) are not subject to claw-back action; and (b) are exempted from the potential application of certain criminal sanctions. Neither ratification by the court nor publication in the Companies' Register are needed (although publication in the Companies' Register is possible upon a debtor's request and would allow to certain tax benefits), and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of 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 debt restructuring agreements with creditors holding at least 60% of the total amount of claims or debts outstanding, 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 and that the agreement is feasible and that it ensures that the 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 (*omologazione*), 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 becomes effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any conservative or enforcement actions against the assets of the debtor in relation to pre-existing receivables and cannot obtain any security interest (unless agreed) in relation to pre-existing debts. 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. Pending such deadline, creditors and other interested parties may file an opposition to the agreement. At such hearing, the court decides upon any opposition and assesses whether the conditions for anticipating the moratorium are in place and, in such case, orders that no conservative or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which a debt restructuring agreement and the assessment by the expert must be deposited.

The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the *concordato preventivo* (as described below) may be filed, without prejudice to the effect of the moratorium. 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 Decree 83/2015, as amended by Law 132/2015 modified the basis for calculation of the 60% of the outstanding debtor's debt threshold required for courts' sanctioning of debt restructuring agreements (*accordi di ristrutturazione dei debiti*), easing the requirements with respect to financial creditors.

The new Article 182-*bis*, Paragraph 8 of the Italian Bankruptcy Law, as amended by Italian Law No. 69 of May 21, 2021, and subsequently replaced by the Law Decree 118/2021, sets the rule for when substantial amendments are made to the plan.

Pursuant to the new Article 182 *novies* of the Italian Bankruptcy Law, introduced by the Law Decree 118/2021, the percentage of 60% provided under Article 182-*bis*, Paragraph 1, of the Italian Bankruptcy Law is reduced to the 30% if the debtor (a) waives the 120-day term for the satisfaction of its creditors provided for under Article 182-*bis*, Paragraph 1, letters (a) and (b) of the Italian Bankruptcy Law; (b) does not previously file a petition for admission to the *concordato in bianco* pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law, and does not request the 60-days moratorium pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law.

The Law Decree 118/2021 significantly amended Article 182 *septies* of the Italian Bankruptcy Law and introduced in the Italian Bankruptcy Law the new Article 182 *octies*, Article 182 *novies* and Article 182 *decies*, thus anticipating some of the provisions of the Insolvency Code.

Pursuant to the new Article 182-*septies* of the Italian Bankruptcy Law, debtors are entitled to enter into debt restructuring agreements by obtaining the approval of creditors representing at least 75% of the credits belonging to the same category (with respect to the homogeneity of their legal status and economic interests), and can request the court to declare that agreement binding on non-adhering creditors of the same category (a so-called "cram-down"), provided that certain conditions are met, including that non-participating creditors are not treated worse than under any effectively available alternative. The law also provides that ***(i)*** the agreement shall be of a non-liquidating nature, ***(ii)*** the agreement shall contemplate the direct or indirect continuation of the business activity as a going concern, and ***(iii)*** all the creditors belonging to the relevant category have been duly notified of the beginning of the negotiations, have been kept informed and have been notified the debt restructuring agreement and the sanctioning decree (*decreto di omologa*). If these conditions are met, the remaining 25% of non-participating creditors belonging to the same class of creditors are crammed down; however, non-participating crammed down creditors can challenge the deal and refuse to be forced into it.

The percentage of 75% is lowered to 60% if the reach of the debt restructuring agreement results from the Final Report issued by the Expert at the end of the negotiations pertaining to the *composizione negoziata della crisi*.

Pursuant to the new Article 182 *septies,* Paragraph 5, of the Italian Bankruptcy Law, a special provision is set forth for debtors whose financial indebtedness is at least 50% of their total indebtedness: in this situation the debt restructuring agreement may identify one or more categories of creditors which are banks and financial intermediaries and have a homogeneous legal position and economic interests and extend the effects of the agreement to non-participating creditors who are part of the same category. In such instance, the agreement is valid even if it does not contemplate the direct or indirect continuation of the business activity as a going concern.

Similarly, pursuant to the new Article 182 *octies* of the Italian Bankruptcy Law, a standstill agreement (*convenzione di moratoria*) entered into between a debtor and creditors representing 75% of the same class would also bind the non-participating creditors, provided that (A) an independent expert meeting the requirements provided under Article 67, Paragraph 3(d) of the Italian Bankruptcy Law certifies ***(i)*** the truthfulness of the business data, ***(ii)*** the attitude of the standstill agreement to temporarily regulate the effects of the crisis and ***(iii)*** the fact that the non-adhering creditors suffer a prejudice that is proportionate and consistent with the recovery strategies undertaken by the debtor, and (B) certain further conditions are met (*e.g.*, all the creditors belonging to the relevant category have been duly noticed of the beginning of the negotiations and have been kept informed). Non-adhering crammed-down creditors can challenge the standstill agreement within 30 days after having been notified of the same.

The debt restructuring agreement provided under Article 182 *septies* of the Italian Bankruptcy Law and the standstill agreement provided under Article 182 *octies* of the Italian Bankruptcy Law shall not impose new obligations, the granting of new overdraft facilities, the maintenance of the possibility to utilize the existing facilities or the utilization of new facilities on non-participating creditors.

Pursuant to the new Article 182 *decies* of the Italian Bankruptcy Law, introduced by the Law Decree 118/2021, Article 1239 of the Italian Civil Code applies to the creditors that have adhered to the debt restructuring agreements. Non-participating creditors maintain their claims towards ***(i)*** those who are jointly and severally liable with the debtor, ***(ii)*** the debtor's guarantors and ***(iii)*** debtors by way of right of recourse (*regresso*). Unless agreed otherwise, debt restructuring agreements produce effect towards the shareholders who are jointly liable with non-limited liability companies, provided that, if such shareholders have granted guarantees, they will remain liable as guarantors.

Pursuant to Article 182-*quater* of the Italian Bankruptcy Law, 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 percent 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 approval (*omologazione*) of the agreement or the approval of the *concordato preventivo*. The same provisions apply to financings granted by shareholders up to 80% of their amount.

Moreover, pursuant to Article 182-*quinquies* of the Italian Bankruptcy Law, the Court, pending the approval (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1, of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6, of the Italian Bankruptcy Law or a petition pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law (in relation to the court supervised pre-bankruptcy composition with creditors described below) may authorize the debtor, if so expressly requested to: (i) incur in new super senior 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 approval (*omologazione*), declares that the new financing aims at providing a better satisfaction of the rights of the creditors; and (iii) pay pre-existing debts deriving from the supply of services or goods, to the extent already payable and due, provided that the expert declares that such payment is essential for the keeping of the company's activities and to ensure the best satisfaction for all creditors. The aforementioned authorization may be given also before the filing of the additional documentation required pursuant to Article 161, Paragraph 6 of the Italian Bankruptcy Law.

The provision of Article 182-*quinquies* of the Italian Bankruptcy Law applies to both debt restructuring agreement and to the court-supervised pre-bankruptcy compositions with creditors (*concordato preventivo*) outlined below.

Furthermore, according to Article 182 *quinquies*, Paragraph 3 of the Italian Bankruptcy Law, pending the approval (*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 fiscal years, (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years, and (iii) has total indebtedness in excess of €0.5 million. Only the debtor company can 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. 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 *concordato in bianco*, as well as the approval (*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, are treated as super-senior (so called *prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law and the related acts, payments and security interests granted are exempted from the claw- back action provided under Article 67 of the Italian Bankruptcy Law. Italian Law No. 9/2014 specified that the superseniority of the claims—which arise out of loans granted with a view to allowing the filing of the preliminary petition for the composition with creditors (*domanda di pre-concordato*)—is granted, pursuant to Article 111 of the Italian Bankruptcy Law, conditional upon the proposal, the plan and all other required documents being filed within the term set by the court and the company being admitted to the *concordato preventivo* within the same proceeding opened with the filing of the preliminary petition.

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.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditors' meeting. During the implementation of the proposal, the company generally continues to be managed by its corporate bodies (usually its board of directors), but is supervised by the appointed judicial officers and judge. The debtor is allowed to carry out urgent extraordinary transactions only upon the prior 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 *concordato preventivo* is approved only if the required majorities of creditors expressly voted in favor of the proposal. Creditors who did not exercise their voting rights in the creditors' meeting can do so (even via email) within 20 days of the closure of the minutes of the creditors' meeting and, after such term, creditors who have not exercise their voting right will be deemed not to approve the *concordato preventivo* proposal. In relation to voting by the holder of the Notes in the *concordato* proceedings, the interactions between (i) the provisions set forth under the Indenture with respect to meetings of holders of the Notes, the applicable majorities and the rights of each holder of the Notes to vote in the relevant meeting and (ii) applicable Italian law provisions relating to quorum and majorities in meetings of holders of notes issued by Italian companies are largely untested in the Italian courts (recent case law has however affirmed the right of noteholders whose vote may be tainted by conflict of interest—as could be the case of disenfranchised noteholders—to be computed for the purposes of relevant quora and be admitted to vote, albeit in a specific class). Secured creditors are not entitled to vote on the proposal of *concordato preventivo* unless and to the extent they waive their security, or the *concordato preventivo* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The court may also approve the *concordato preventivo* (notwithstanding the circumstance that one or more classes objected to it) if: (i) the majority of classes has approved it; and (ii) the court deems that the interests of the 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, a pre-bankruptcy court-supervised composition with creditors proposal with liquidation purpose (*concordato liquidatorio*) (*i.e.*, a pre-bankruptcy agreement court-supervised composition with creditors aiming at transferring all the assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims.

This provision does not apply to pre-bankruptcy court-supervised composition with creditors proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

To the extent the alternative plan is approved by the creditors and approved (*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.

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.

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.

Impacts of the Covid-19 emergency on Insolvency Proceedings

In response to the Covid-19 pandemic, the Italian Government adopted new urgent measures, *inter alia*, on insolvency matters (in addition to the Law Decree 118/2021 mentioned above) in order to (i) preserve the continuity of companies throughout the Covid-19 pandemic and after its end, with particular regard to those that were trading on a going concern basis before the Covid-19 pandemic, and (ii) ensure the successful outcome of certain insolvency proceedings already pending during the Covid-19 pandemic or already approved by the beginning of the Covid-19 pandemic.

Among such legislative measures, the Italian Government enacted the Liquidity Decree.

Article 9 of the Liquidity Decree provides, among other things, the extension of 6 months of the deadlines for fulfillment of the obligations provided in an approved *concordato preventivo* or *accordo di ristrutturazione dei debiti* based on a plan expiring after February 23, 2020. In the procedures for the approval (*omologazione*) of a *concordato preventivo* and of a debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti*), pending on February 23, 2020, the debtor may submit, until the hearing, a petition for the grant of an extension up to 90 days for the deposit of a new plan and a new proposal for a *concordato preventivo* in accordance with Article 161 of the Italian Bankruptcy Law or a new debt restructuring agreement pursuant to Article 182-*bis* of the Italian Bankruptcy Law. The period starts from the date of the decree by which the court assigns the term, and it shall not be extended. The request is inadmissible if submitted in the context of a *concordato preventivo* in the course of which it has already been held the meeting of creditors but the majorities were not reached according to Article 177 of the Italian Bankruptcy Law.

Also, a set of measures is aimed at "relaxing" directors' duties in connection with insolvency/pre-insolvency scenarios. The rules requiring the recapitalization (or liquidation or transformation into a different company type) of companies whose losses have substantially eroded the share capital will not apply with respect to losses arisen in the financial year ended on 31 December 2020 and until the five subsequent financial years. This measure, originally provided for by Article 6 of the Liquidity Decree, subsequently replaced by Article 1, Paragraph 266, of Law No. 178 of 30 December 2020, is intended to address the risk that the impact of losses arising from the Covid-19 pandemic on the share capital of companies push directors into the unsustainable position of choosing between the following: (i) putting the company into liquidation or into a bankruptcy or insolvency proceedings or (ii) facing potential personal liability as a result of the delay in complying with such obligations.

*Bankruptcy proceedings (*fallimento*)*

A request to declare a debtor bankrupt and to commence bankruptcy proceedings (*fallimento*) for the judicial liquidation of its assets can be filed by the debtor, any of its creditors and, in certain cases, the public prosecutor when a debtor is insolvent. Insolvency, as defined under Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations with ordinary means as they come due. Bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds are met: the company (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years; (ii) has had gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years; and (iii) has total indebtedness in excess of €0.5 million.

Upon the commencement of bankruptcy proceedings, 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 his or her decision;

- the administration of the debtor and the management of its assets are transferred to the bankruptcy receiver (*curatore fallimentare*);

- continuation of business may be authorized by the court if an interruption would cause greater damage to the company, but only if the continuation of the company's business does not cause damage to creditors;

- any act (including payments, pledges, and issuance of guarantees) made by the debtor after (and in certain cases even before for a limited period of time) the commencement of the proceedings, other than those made through the receiver, become ineffective against creditors; and

- the execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration are suspended until the receiver decides whether to take them over.

Although the general rule is that the bankruptcy receiver is allowed to terminate contracts where some or all of the obligations have not been performed, certain contracts are subject to specific rules expressly provided for by Italian Bankruptcy Law.

Bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real property. In this respect, Law 132/2015 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 liabilities account (*stato passivo*). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The petition may provide for the division of creditors into classes (thereby proposing different treatments among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The petition may provide that secured claims are paid only in part, provided that they do not receive less than the fair market value of their secured assets (such value being assessed by an independent expert). The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority (by value) of claims (and, if classes are formed, by a majority (by value) of the claims in a majority of the classes). Final court confirmation is also required.

- Statutory priorities. The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other EU jurisdictions. Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of "predeductible" claims (*i.e.*, claims originated in the insolvency proceeding, such as costs related to the procedure); (ii) for payment of claims which are privileged, such as claims of secured creditors; and (iii) for the payment of unsecured creditors' claims. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors, including, inter alia, a claim whose priority is legally acquired (*i.e.*, repayment of rescue or interim financing) the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priorities of claims are, in order of priority, those related to secured creditors (*creditori privilegiati*; a preference in payment in most circumstances, but not exclusively, provided for by law), mortgages (*creditori ipotecari*), pledges (*creditori pignoratizi*) 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. In particular, article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of "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.

- 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. 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 may be avoided at the request of the bankruptcy receiver / court commissioner.

a. The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) *vis-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 not yet due at the time the new security was granted; and

   iv. pledges and mortgages granted by the bankrupt entity in the six months prior to the insolvency declaration in order to secure pre-existing debts which had already fallen due at the time the new security was granted.

b. The following acts and transactions, if made during the vulnerability period or such other period specified below, may be avoided 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. the 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;

   v. a transaction entered into, payment made or guarantee granted in the context of "*concordato preventivo*" under Article 161 of the Italian Bankruptcy Law or an "*accordo di ristrutturazione del debito*" under Article 182-*bis* of the Italian Bankruptcy Law;

   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 person, the third person was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third person participated in the fraudulent design). The burden of proof is entirely with the receiver.

Article 2929-*bis* of the Italian Civil Code provides for a "simplified" clawback action for the creditor with respect to certain types of transactions put in place by the debtor with the aim to subtract (registered) assets from the attachment by its creditors. In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a Court decision clawing back/ nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out without consideration (*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 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, and within 10 days from such filing, the Italian Ministry of Economic Development (the "**Ministry**") may release an opinion on the admission of the company to the extraordinary administration proceeding. The court then decides (within 30 days from the filing of the judicial receiver's report) whether to admit the company to the procedure or to place it into bankruptcy. 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.

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). 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 a certain legally specified period (the "suspect period"). The avoidance may relate to

(i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (*i.e.*, to the extent the asset or obligation given or undertaken exceeds by one quarter the value of the consideration received by the debtor), or involving unusual means of payment (*e.g.*, payment in kind) or new security granted with respect to pre-existing debts not yet due at the time the security is entered into after the creation of the secured obligations, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, (ii) security granted within six months prior to the declaration of insolvency with respect to pre-existing debts due and payable, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, if the bankruptcy receiver proves that the creditor was aware of the insolvency of the debtor. The transactions potentially subject to avoidance also include those contemplated by a Guarantor's Guarantee or the granting of security interests under the Security Documents by a Guarantor and/or security provider. If they are challenged successfully, the rights granted under the guarantees or in connection with security interests under the relevant Security Documents may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related Security Documents.

It should be noted that: (i) under Article 64 of the Italian Bankruptcy Law, subject to certain limited exceptions, all transactions carried out by the insolvent debtor for no consideration are ineffective *vis –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 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.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement dated October 7, 2021 (the "**Purchase Agreement**"), by and among the Issuer and the Initial Purchasers, we have agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from us, together with all other Initial Purchasers, €375.0 million aggregate principal amount of Notes.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and our counsel. The Issuer has agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, to not, without having received prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any securities issued or guaranteed by the Issuer that are substantially similar to the Notes.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

The Notes have not been and will not be registered under the Securities Act. and may not be offered or sold within the United States except to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act and outside the United States in reliance on Regulation S under the Securities Act (and, if investors are resident in a member state of the EEA or in the UK, they are not "retail investors" (as defined below). Resales of the Notes are restricted as described under "*Notice to Investors*." Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "*Notice to Investors*." The Initial Purchasers have agreed that they will only offer or sell the Notes (1) outside the United States in offshore transactions in reliance on Regulation S and (2) in the United States to qualified institutional buyers in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A.

In addition, until 40 days after the commencement of the Offering of the Notes, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering of the Notes may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

To the extent that any Initial Purchaser that is not a U.S. registered broker-dealer intends to effect any sales of the Notes in the United States, it will do so through one or more U.S. registered broker-dealer affiliates as permitted by guidelines promulgated by the Financial Industry Regulatory Authority. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

Each Initial Purchaser has, severally and not jointly, represented and agreed that it will not offer, sell or otherwise make available any Notes to any "retail investor" in the European Economic Area or the United Kingdom. The expression "retail investor" means a person who is one (or more) of the following:

- a retail client (with respect to the European Economic Area, as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**") and, with respect to the United Kingdom, as defined in point (11) of Article 4(1) of MiFID II as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"));

- a customer, with respect to the European Economic Area, 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 and, with respect to the United Kingdom, within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (10) of Article 4(1) of MiFID II as it forms part of domestic law by virtue of the EUWA; or

- not a "qualified" investor (with respect to the European Economic Area, as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and with respect to the United Kingdom, as defined in the EU Prospectus Regulation as it forms part of domestic law by virtue of the EUWA).

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Notes are a new issue of securities for which there currently is no market. The Issuer will make an application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF Market of the Luxembourg Stock Exchange. However, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market 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 Securities Act and the U.S. Securities Exchange Act of 1934, as amended (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.

In connection with the Offering of the Notes, UniCredit Bank AG (the "**Stabilizing Manager**"), or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, 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 Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers expect to make offers and sales both inside and outside the United States through their selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the SEC.

Each of the Initial Purchasers has also agreed that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States or Italy, 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, the Group or the Notes in any jurisdiction where action for the 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 purchase or a solicitation of an offer to sell 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 resales of the Notes. Please see the sections entitled "*Notice to Investors.*" The Issuer has agreed to indemnify each Initial Purchaser against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that any Initial Purchaser may be required to make in respect thereof. The Issuer will pay the Initial Purchasers a commission and pay certain fees and expenses relating to the offering of the Notes.

It is expected that delivery of the Notes will be made against payment therefor on or about the Issue Date as specified on the cover page of this Offering Memorandum, which will be the tenth business day following the date of pricing of the Notes (such settlement being herein referred to as "T+10). Under Rule 15(c)6-l under the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trades expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next seven succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+10, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

Certain of the Initial Purchasers and their affiliates (including their parent companies) have from time to time performed, and in the future may perform, lending advisory, certain investment banking and/or other financial services for us, our affiliates or our former affiliates, in the ordinary course of business to the Issuer (including its parent and group companies) for which they have received, and in the future may receive, customary fees and reimbursement of expenses. In connection with the Offering, the Initial Purchasers are not acting for anyone other than the Issuer in an arm's length transaction and will not be responsible to anyone other than the Issuer for providing the protections attached to their clients, nor for providing advice in relation to the Offering.

Certain of the Initial Purchasers or their affiliates are acting as arrangers under the Revolving Credit Facility and as arrangers and original lenders under certain commitments that we have entered into in connection with the financing for the Acquisition. In connection with their services in such capacities, such Initial Purchasers or their affiliates will receive customary fees and commissions. Certain of the Initial Purchasers or their affiliates act as arrangers and lenders under certain of the Target Refinanced Indebtedness, which will be repaid in connection with the Transactions (including with a portion of the proceeds of the Offering).

Funds, limited partnerships or other entities managed by or otherwise advised by the Sponsor or any independent debt funds or entities managed by or advised by the Sponsor or other affiliates of the Sponsor may place a purchase order for and be allocated Notes at a purchase price per Note equal to the issue price set forth on the cover page of this offering memorandum, subject to a pass through or payment to such persons on the Initial Purchasers' discount in respect of the Notes purchased by such persons.

NOTICE TO INVESTORS

The following restrictions will apply to the Notes. You are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any other applicable jurisdiction. Accordingly, the Notes are being offered and sold only (i) to qualified institutional buyers (as defined in Rule 144A, "**QIBs**") in reliance on Rule 144A and (ii) outside the United States in an offshore transaction (as defined in Regulation S) in reliance on Regulation S.

We have not registered and will not register the Notes under the Securities Act and, therefore, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to QIBs in compliance with Rule 144A; and
- outside the United States in an offshore transaction in accordance with Regulation S.

We use the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S.

Each purchaser of the Notes hereunder (other than each of the Initial Purchasers) will be deemed to have acknowledged, represented, warranted and agreed with the Issuer and the Initial Purchasers as follows (terms used in this paragraph that are defined in Rule 144A and Regulation S are used herein as defined therein):

(1) it understands and acknowledges that (i) the Notes have not been registered under the Securities Act or the securities laws of any other applicable jurisdiction and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A and (ii) unless so registered, the Notes may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws or pursuant to an exemption therefrom, or in any transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below;

(2) it is either (a) a QIB and is aware that any sale of these Notes to it will be made in reliance on Rule 144A, and such acquisition will be for its own account or for the account of another QIB, or (b) it is purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S;

(3) it acknowledges that none of the Issuer, the Target, the Initial Purchasers, or any person representing any of the foregoing, has made any representation to it with respect to us or the offer or sale of any Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum;

(4) it is purchasing the Notes for its own account, or for an account with respect to which it exercises sole investment discretion and for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any other applicable securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes to a QIB pursuant to Rule 144A or in offshore transactions pursuant to Regulation S or any other exemption from registration available under the Securities Act;

(5) it understands and agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, that if in the future it decides to resell, pledge or otherwise transfer any Notes or any beneficial interests in any Notes, it will not do so prior to the date which is, in the case of Notes offered to QIBs, one year after the later of the original issue date of such Notes, the original issue date of the issuance of any additional

securities and the last date on which the Issuer or any affiliate of the Issuer was the owner of such Note (or any predecessor of such Note) only (a) to the Issuer or any subsidiary thereof, (b) pursuant to a registration statement which has been declared effective under the Securities Act, (c) for so long as such Note is eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales that occur outside the United States in offshore transactions in compliance with Regulation S or (e) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to compliance with any applicable state securities laws and any applicable local laws and regulations, and further subject to the Issuer's right prior to any such offer, sale or transfer pursuant to clause (d) or (e) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to it, including a certificate of transfer in the form appearing on the reverse of such Security.

(6) it understands that the 144A Notes will bear a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS NOTE (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) ("**QIB"**); (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED NOTES TO OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE OR A BENEFICIAL INTEREST IN THIS SECURITY, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE OF SUCH NOTES, 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 SUCH NOTE (OR ANY PREDECESSOR OF SUCH SECURITY) ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO IT, INCLUDING A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS SECURITY; AND (3) AGREES THAT IT WILL TRANSFER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

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:

(1) it agrees that it will, and each subsequent holder is required to, give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes, if then applicable;

(2) it acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth therein have been complied with;

(3) it acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of its acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each such investor account; and

(4) it understands that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Notice to U.S. Investors*," "*Notice to Investors*" and "*Plan of Distribution*."

(5) It agrees to indemnify and hold us, the Trustee, the Initial Purchasers and their respective affiliates harmless from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.

(6) It acknowledges that any purported acquisition or transfer of the Notes or beneficial interest therein to an acquirer or transferee that does not comply with the requirements of the above provisions shall be null and void *ab initio.*

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us by Latham & Watkins (London) LLP with respect to matters of U.S. federal, New York state, English and Italian law and by Maisto e Associati with respect to matters of Italian taxation law.

Certain legal matters in connection with this Offering will be passed upon for the Initial Purchasers by Linklaters LLP with respect to matters of U.S. federal and New York state law and English law and by Studio Legale Associato in association with Linklaters LLP with respect to matters of Italian law.

INDEPENDENT AUDITORS

The financial statements of EOLO S.p.A. as of and for the year ended March 31, 2021, included in this Offering Memorandum, have been audited by KPMG S.p.A., independent auditors, as stated in their report included herein, which contains an other matters paragraph that states that EOLO S.p.A. discloses in the financial statements certain key figures that manages and coordinates EOLO S.p.A. and that the auditors' opinion does not extend to such data.

The financial statements of EOLO S.p.A. as of and for the year ended March 31, 2020, included in this Offering Memorandum, have been audited by KPMG S.p.A., independent auditors, as stated in their report appearing herein, which contains an other matters paragraph that states that EOLO S.p.A. discloses in the financial statements certain key figures that manages and coordinates EOLO S.p.A. and that the auditors' opinion does not extend to such data and an other matters paragraph which states that the financial statements have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union with transition effects included in Note 41 of the financial statements.

With respect to the unaudited condensed interim financial information as of and for the three months ended June 30, 2021 included herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report therein, which contains an other matters paragraph which states that the comparative information presented as corresponding figures for the three-month period ended June 30, 2020 included in the condensed interim financial information as of and for the three-month period ended June 30, 2021 have not been subject to audit or review, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

WHERE YOU CAN FIND OTHER INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

While any of the Notes remain outstanding and are "restricted securities" within the meaning of the Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request with respect to the Notes should be directed to the Issuer at Via Montebello 21, Milan, 20121, Italy.

We are currently not, and do not expect to be in the future, 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 holders of the Notes, as further described under "*Description of the Notes—Certain Covenants—Reports*."

Copies of the Issuer's organizational documents, the Indenture, the Intercreditor Agreement, the Security Documents and our most recent financial statements published by us will be available from the Issuer upon written request to the address of the Issuer specified above on and after the grant of listing of the Notes.

LISTING AND GENERAL INFORMATION

Admission to Trading and Listing

Application has been made to list the Notes on the Exchange and for the admission of the Notes to trading on the Exchange.

For so long as the Notes are listed on the Exchange and the rules of that exchange require, copies of the following documents may be inspected in physical / electronic form and obtained free of charge at the specified office of the Issuer during normal business hours on any weekday:

- the organizational documents of the Issuer and the Target;
- our most recent audited financial statements, and any interim quarterly financial statements published by us;
- this Offering Memorandum;
- the Indenture;
- the Security Documents; and
- the Intercreditor Agreement.

According to the Rules and Regulations of the Exchange, the Notes will be freely transferable in accordance with applicable law.

Clearing Information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. The common codes and international securities identification numbers ("**ISIN**") for the Notes are set forth below:

	Common Code	ISIN
144A Notes	239555853	XS2395558534
Regulation S Notes	239482341	XS2394823418

The Issuer

The Issuer is a joint stock company (*società per azioni*) incorporated and existing under the laws of Italy. The Issuer was formed as a limited liability company (*società a responsabilità limitata)* on June 18, 2021 and was converted into a joint stock company (*società per azioni*) by way of a resolution of the extraordinary shareholders' meeting on September 14, 2021. The Issuer is registered with the Companies' register of Milan-Monza-Brianza-Lodi under registration number and fiscal code 11851310968. The registered office of the Issuer is at Via Montebello 27, Milan, 20121, Italy. The Issuer has an authorized share capital of €50,000.00 divided into 50,000.00 fully paid shares with a par value of €1.00 each.

Resolutions, Authorizations and Approvals by Virtue of which the Notes have been Issued

The Issuer has obtained all necessary consents, approvals and authorizations in connection with the issuance of the Notes and performance of its obligations under the Notes. The creation and issuance of the Notes was approved by resolutions of the board of directors of the Issuer on September 17 and October 6, 2021.

Material Adverse Change in the Issuer's Financial Position

Except as disclosed elsewhere in this Offering Memorandum, there has been no significant change in our financial or trading position since June 30, 2021. There has been no material adverse change in our prospects since June 30, 2021.

Litigation

Except as disclosed elsewhere in this Offering Memorandum, we are not involved, nor have we been involved during the twelve months preceding the date of this Offering Memorandum, in any legal, arbitration, governmental or administrative proceedings which would, individually or in the aggregate, have a significant effect on our financial position or profitability and, so far as each is aware, having made all reasonable inquiries, there are no such legal, arbitration or administrative proceedings pending or threatened.

INDEX TO FINANCIAL STATEMENTS

Unaudited interim condensed financial information of EOLO S.p.A. as of June 30, 2021 and for the three months ended June 30, 2021

Audited financial statements of EOLO S.p.A. as of and for the year ended March 31, 2021

Audited financial statements of EOLO S.p.A. as of and for the year ended March 31, 2020

KPMG

EOLO S.p.A.

Condensed Interim Financial Information as at 30 June 2021

(with independent auditors' report thereon)

KPMG S.p.A.

20 September 2021

KPMG S.p.A.
Revisione e organizzazione contabile
Corso Matteotti, 1
21100 VARESE VA
Telefono +39 0332 282356
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

Independent auditors' report on Review of Condensed Interim Financial Information

To the Board of Directors of
EOLO S.p.A.

Introduction

We have reviewed the accompanying statement of financial position of EOLO S.p.A. as at 30 June 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the interim financial information ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting', endorsed by the European Union. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', endorsed by the European Union.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

Ancona Bari Bergamo
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Catania Como Firenze Genova
Lecce Milano Napoli Novara
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Trieste Varese Verona

Società per azioni
Capitale sociale
Euro 10.415.500,00 i.v.
Registro Imprese Milano Monza Brianza Lodi
e Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

Other matter

The interim financial information as at and for the three-month period ended 30 June 2020, presented in the condensed interim financial information as corresponding figures, has neither been audited nor reviewed.

Varese, 20 September 2021

KPMG S.p.A.

Paolo Rota
Director of Audit

Varese company registration no. 02487230126

REA no. 339475

Registered office at Via Gran San Bernardo 12
21052 Busto Arsizio (VA)

Fully paid-up share capital €10,000,000.00

Condensed interim financial information as at and for the three months ended 30 June 2021

EOLO S.p.A.
Condensed interim financial information
at 30 June 2021

Statement of financial position

(€)

	Note	30/06/2021	31/03/2021
Assets			
Intangible assets	4	21,040,499	18,538,176
Property, plant and equipment	5	203,850,376	197,777,723
Right-of-use assets	6	111,277,488	105,913,202
Contract costs	7	13,483,731	14,015,239
Other financial assets	8	788,833	631,081
Deferred tax assets	9	8,192,929	7,012,199
Non-current assets		**358,633,856**	**343,887,620**
Trade receivables	10	10,218,422	10,584,882
Other assets	11	10,667,037	12,111,497
Current tax assets	12	52,426	52,426
Cash and cash equivalents	13	14,684,683	15,378,049
Current assets		**35,622,568**	**38,126,854**
Total assets		**394,256,424**	**382,014,474**
Equity			
Share capital	14	10,000,000	10,000,000
Share premium	14	25,000,000	25,000,000
Legal reserve	14	1,308,932	1,308,932
Other reserves	14	372,302	362,827
Profit (loss) for the period	14	(4,356,064)	(10,172,363)
Retained earnings	14	13,311,089	23,483,452
Total equity		**45,636,259**	**49,982,848**
Liabilities			
Bank loans and borrowings and other financial liabilities	15	101,187,098	96,245,523
Lease liabilities	16	61,767,574	60,003,370
Derivatives	17	178,607	203,303
Provisions	18	1,224,757	1,173,660
Employee benefits	19	4,772,581	19,450,190
Other liabilities	20	3,912,527	2,868,162
Non-current liabilities		**173,043,144**	**179,944,208**
Bank loans and borrowings and other financial liabilities	15	32,687,863	25,208,087
Lease liabilities	16	27,426,686	24,810,084
Trade payables	21	56,994,393	55,462,402
Contract liabilities	22	30,589,208	31,377,088
Employee benefits	19	20,362,041	5,220,908
Other liabilities	20	7,464,873	10,008,849
Current tax liabilities	23	51,957	—
Current liabilities		**175,577,021**	**152,087,418**
Total liabilities		**348,620,165**	**332,031,627**
Total liabilities and equity		**394,256,424**	**382,014,474**

The accompanying notes are an integral part of this financial information

Statement of profit or loss and other comprehensive income

(€)

	Note	Quarter ended June 30, 2021	Quarter ended June 30, 2020
Revenue	24	50,828,013	44,140,597
Other income	24	657,132	884,872
Internal work capitalised	25	816,578	748,812
Purchases of materials and services	26	(21,974,741)	(18,121,282)
Personnel expenses	27	(8,258,034)	(6,115,568)
Other operating costs	28	(947,284)	(269,446)
Depreciation and amortisation	29	(23,776,664)	(19,443,926)
Impairment losses on non-current assets	30	(1,023,300)	(221,912)
Impairment losses on trade receivables and other financial assets	31	(443,084)	(287,449)
Operating profit (loss)		**(4,121,384)**	**1,314,698**
Financial income	32	279,899	126,040
Financial expense	32	(1,643,351)	(1,704,756)
Net financial expense		**(1,363,452)**	**(1,578,716)**
Profit (loss) before tax		**(5,484,836)**	**(264,017)**
Income taxes	33	1,128,772	613,638
Profit (loss) for the period		**(4,356,064)**	**349,621**
Other comprehensive income			
Items that will not be reclassified to profit or loss		**9,475**	**(311,173)**
Net actuarial gains (losses)		9,475	(311,173)
Items that are or may be reclassified to profit or loss		**—**	**—**
Other comprehensive income (expense), net of tax		**9,475**	**(311,173)**
Comprehensive income (expense)		**(4,346,589)**	**38,448**

The accompanying notes are an integral part of this financial information

Statement of changes in equity

(€'000)

€'000	Share capital	Share premium	Legal reserve	Extraordinary reserve	Translation reserve	Negative goodwill	FTA reserve	Actuarial reserve	Retained earnings	Profit (loss) for the period	Total
At 31 March 2020	**10,000**	**25,000**	**1,150**	**7**	**173**	**127**	**209**	**8**	**20,471**	**3,171**	**60,316**
Allocation of profit for year ended March 31, 2020	—	—	—	—	—	—	—	—	3,171	(3,171)	—
Profit (loss) for the period	—	—	—	—	—	—	—	—	—	350	350
Other comprehensive income, net of tax	—	—	—	—	—	—	—	(311)	—	—	(311)
At 30 June 2020	**10,000**	**25,000**	**1,150**	**7**	**173**	**127**	**209**	**(303)**	**23,642**	**350**	**60,355**

€'000	Share capital	Share premium	Legal reserve	Extraordinary reserve	Translation reserve	Negative goodwill	FTA reserve	Actuarial reserve	Retained earnings	Profit (loss) for the period	Total
At 31 March 2021	**10,000**	**25,000**	**1,309**	**7**	**173**	**127**	**209**	**(153)**	**23,483**	**(10,172)**	**49,983**
Allocation of profit for year ended March 31, 2021	—	—	—	—	—	—	—	—	(10,172)	10,172	—
Profit (loss) for the period	—	—	—	—	—	—	—	—	—	(4,356)	(4,356)
Other comprehensive expense, net of tax	—	—	—	—	—	—	—	9	—	—	9
At 30 June 2021	**10,000**	**25,000**	**1,309**	**7**	**173**	**127**	**209**	**(144)**	**13,311**	**(4,356)**	**45,636**

The accompanying notes are an integral part of this financial information

Statement of cash flows

(€)

	Note	Quarter ended June 30, 2021	Quarter ended June 30, 2020
Cash flows from operating activities			
Profit (loss) for the period		(4,356,064)	349,621
Adjustments for:			
Depreciation of property, plant and equipment	29	16,913,098	14,374,525
Amortisation of intangible assets	29	2,719,902	1,547,724
Depreciation of right-of-use assets	29	4,143,664	3,521,678
Gains on the sale of non-current assets		(8,285)	(6,627)
Impairment losses on property, plant and equipment	30	1,023,300	221,912
Share-based payments	19, 27	1,438,732	152,950
Net financial expense	32	1,363,452	1,578,716
Income taxes	33	(1,128,772)	(613,638)
Changes in:			
Contract costs	7	531,509	(653,713)
Trade receivables and other assets		1,808,331	638,707
Trade payables and other liabilities		(3,869,729)	(4,360,387)
Contract liabilities	22	(787,881)	1,264,894
Provisions for risks and charges		51,097	237,000
Employee benefits	19	(915,988)	(850,147)
Cash flows generated by operating activities		**18,926,366**	**17,403,214**
Utilisation of provisions		(49,746)	(20,640)
Net cash flows generated by operating activities		**18,876,620**	**17,382,574**
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	(23,669,925)	(15,066,242)
Proceeds from sale of property, plant and equipment	5	14,785	8,938
Acquisition of intangible assets	4	(1,586,356)	(1,750,377)
Acquisition of financial assets	8	(163,703)	(23,147)
Proceeds from sale of financial assets	9	5,950	—
Receipt of Ministry of Economic Development grants	11	2,588	—
Net cash flows used in investing activities		**(25,396,661)**	**(16,830,828)**
Cash flows from financing activities			
Interest paid	32	(557,039)	(520,050)
Incrase/(Decrease) in current financial liabilities	15	6,272,502	(1,872,212)
Proceeds from loans and borrowings	15	6,021,539	—
Repayment of loans and borrowings	15	(735,621)	(186,148)
Payment of lease liabilities		(5,174,706)	(2,241,138)
Net cash flows from (used in) financing activities		**5,826,674**	**(4,819,547)**
Net increase (decrease) in cash and cash equivalents		**(693,367)**	**(4,267,800)**
Opening cash and cash equivalents	13	15,378,049	37,765,629
Closing cash and cash equivalents	13	14,684,683	33,497,829
Increase (decrease) in cash and cash equivalents		**(693,367)**	**(4,267,800)**

The accompanying notes are an integral part of this financial information

Notes to the condensed interim financial information as at and for the three months ended 30 June 2021

1. Business

EOLO S.p.A. ("EOLO" or the "company") is a national telecommunications operator and market leader in the supply of ultra-broadband FWA (fixed wireless access) services to the residential, business and wholesale sectors.

Set up in 1999 in Varese as NGI, the company's core business is the supply of wireless connectivity services. In 2007, it developed a wireless broadband internet access service marketed under the "EOLO" brand (which then became the company's name in 2016).

At the forefront of the search for innovative technological solutions to eliminate the digital divide, EOLO's mission is to guarantee the right to connectivity focusing on the individual in order to improve their quality of life and create value for businesses.

At 30 June 2021, EOLO has 513 employees based in its headquarters in Busto Arsizio (Varese), located in a 20,000 square metre campus with offices, research labs, a logistics hub, conference centre, internal canteen and recreational areas, and its operating offices in Rome and Padua.

EOLO provides its services using its proprietary TLC infrastructure comprising fibre optic and radio transmission nodes located throughout Italy. Its network is developed in northern and central Italy while a massive investment plan was rolled out in 2019 to expand intensively into southern Italy.

The company complied with the guidelines provided by the government and competent authorities in order to deal with Covid-19 epidemiological emergency.

In order to guarantee its ability to ensure business continuity, the company kept its employees and consultants up to date with any new information and urged its employees to work from home when possible while concurrently safeguarding those employees who continued to come into work as it was impossible for them to work remotely.

Except as indicated above, no other significant impact on operations due to Covid-19 occurred

EOLO has provided all its employees at the head office and those engaged in network maintenance work around the country with personal protective equipment (PPE).

It also continued to revisit its safety measures and to update its Covid-19 protocol ("Common protocol of measures to contain and curb the diffusion of Covid-19 in work environments") about the office capacity, body temperature scanning, shifts, sanitisation of common areas and canteen management.

2. Basis of preparation

Financial information

The interim financial information is based on the accounting records at 30 June 2021 and has been prepared on a going concern basis. It is accompanied by these notes and comprise:

- statement of financial position: assets and liabilities are presented as current or non-current and the amounts to be settled or recovered within or after 12 months of the reporting date are described in the notes to each asset and liability;
- statement of profit or loss and other comprehensive income: costs are classified by nature and the operating profit or loss and pre-tax profit or loss are presented as separate sub-totals;
- statement of changes in equity: this statement shows the company's comprehensive income (expense), owner transactions and details of each equity item presented;
- statement of cash flows: this presents the cash flows from operating, investing and financing activities. Cash flows from operating activities are presented using the indirect method, under which the profit or

loss for the period is adjusted for non-monetary transactions, the postponement or accrual of previous or future collections or payments and revenue related to cash flows from investing or financing activities.

This interim financial information as at and for the three months ended 30 June 2021 has been prepared in accordance with IAS 34 – Interim financial reporting, endorsed by European Union, and does not contain all the information and notes required for annual financial statements. It should, therefore, be read together with the financial statements as at and for the year ended 31 March 2021. However, although this interim financial information does not contain all the disclosures of a complete set of financial statements, it does include all an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance since the end of the last annual reporting period.

The statement of financial position, the statement of profit or loss and other comprehensive income and the statement of cash flows are prepared in Euros (the company's functional currency) without decimal points. The figures in the statement of changes in equity and these notes are prepared in thousands of Euros, unless specified otherwise.

The required captions with nil balances for both the current and comparative periods have not been included in the financial information.

Approval of the financial information

The company's board of directors approved the interim financial information as at and for the three months ended 30 June 2021 at the meeting held on 16 September 2021 and KPMG S.p.A. has reviewed them.

Use of judgements and estimates

In preparing these interim financial information and notes, management has had to make judgements and estimates that affect the carrying amount of assets and liabilities and disclosures about contingent assets and liabilities at the reporting date. These judgements and estimates are based on information available at the date of preparation of the financialinformation, management's experience and other relevant information. Actual results may differ from these estimates. Estimates are used to measure assets, amortisation and depreciation, assess the recoverability deferred tax assets, recognise loss allowances and measure employee benefits and contingent liabilities using actuarial techniques. Management revisits the estimates and judgements regularly and the effects of any changes are shown in profit or loss.

Critical measurement processes and key judgements used to apply the IFRS and the main sources of uncertainty in estimates have not changed since those described in the financial statements as at and for the year ended 31 March 2021.

Management checks the estimates and judgements regularly. They are based on past experience and other factors, including expectations about future events that could have an impact on the company's financial position and are considered reasonable in the circumstances.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the company's accounting policies and disclosure obligations require the measurement of fair values for both financial and non-financial assets and liabilities.

When one is available, the company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If the company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3. Accounting policies

This interim financial information has been prepared using the same accounting policies as those applied by the company in the most recent annual financial statements and there are no standards that the company has not yet applied or adopted early that could affect it significantly.

4. Intangible assets

Intangible assets amount to €21,040 thousand, a net increase of €2,502 thousand on 31 March 2020.

The caption and changes therein may be analysed as follows:

€'000	Software and licences	Frequencies	Assets under development and payments on account	Other	Total
Historical cost					
Balance at 31/03/2020	**15,035**	**12,791**	**573**	**3,590**	**31,989**
Increases	9,600	—	586	936	**11,122**
including: internal work capitalised	*1,576*	—	—	—	*1,576*
Reclassifications	716	—	(716)	—	—
Balance at 31/03/2021	**25,351**	**12,791**	**443**	**4,526**	**43,111**
Increases	4,809	180	233	—	**5,222**
including: internal work capitalised	309	—	—	—	**309**
Reclassifications	282	—	(282)	—	—
Balance at 30/06/2021	**30,442**	**12,971**	**394**	**4,526**	**48,332**
Acc. amortisation					
Balance at 31/03/2020	**(7,090)**	**(7,203)**	**—**	**(2,473)**	**(16,766)**
Increases	(5,322)	(1,974)	—	(511)	**(7,807)**
including: internal work capitalised	(585)	—	—	—	**(585)**
Balance at 31/03/2021	**(12,412)**	**(9,177)**	**—**	**(2,984)**	**(24,573)**
Increases	(2,070)	(503)	—	(147)	**(2,720)**
including: internal work capitalised	(243)	—			**(243)**
Balance at 30/06/2021	**(14,482)**	**(9,680)**	**—**	**(3,130)**	**(27,292)**
Carrying amounts					
31/03/2020	**7,945**	**5,587**	**573**	**1,117**	**15,223**
31/03/2021	**12,939**	**3,614**	**443**	**1,542**	**18,538**
30/06/2021	**15,958**	**3,291**	**394**	**1,397**	**21,040**

During the three months ended 30 June 2021 the company acquired assets with a cost of € 5,222 thousand, including internal work capitalised for € 309 thousand (three months ended 30 June 2020 cost of € 2,455 thousand, including internal work capitalised for € 388 thousand).

"Software and licences" of €15,958 thousand comprise the cost of preliminary analyses and the study, design and development of new technical ICT solutions, such as evolutions of the geointelligence system, automation of the marketing and customer journey processes and upgrading of integrations to the big data system. The increase for the period is mainly related to capital expenditures related to exclusive use of end-to-end fibre optic connections.

The costs of the internal development of unprotected application software are recognised under intangible assets under development until the related project has been completed, after which they are reclassified to the appropriate intangible asset caption. At 30 June 2021, the residual amount of these capitalised costs is €2,004 thousand (€1,938 thousand at 31 March 2021).

"Frequencies" amount to €3,291 thousand and mostly comprise the costs incurred to purchase the rights to use radio frequencies. They are amortised over the term of the related right.

"Assets under development and payments on account" of €394 thousand mostly relate to uncompleted activities to develop applications.

"Other" of €1,397 thousand mainly consists of costs incurred to purchase IP addresses.

The company has not revalued or impaired intangible assets at 30 June 2021 or at previous year ends.

The statement of cash flows shows the increases in intangible assets during the period.

5. Property, plant and equipment

Property, plant and equipment increased by a net €6,072 thousand to €203,850 thousand.

The caption and changes therein may be analysed as follows:

€'000	**Land and buildings**	**Network systems and equipment**	**Network assets on a free loan basis**	**Assets under construction and payments on account**	**Other assets**	**Total**
Historical cost						
Balance at 31/03/2020	**652**	**149,136**	**159,677**	**23,723**	**2,036**	**335,224**
Increases	73	14,659	14,829	62,355	41	**91,957**
including: internal work capitalised	—	*1,487*	—	—	—	***1,487***
Decreases	—	(3,173)	(1,503)	(326)	(42)	**(5,043)**
Reclassifications	—	15,857	43,560	(59,417)	—	**—**
Balance at 31/03/2021	**726**	**176,479**	**216,563**	**26,335**	**2,035**	**422,138**
Increases	22	4,195	2,401	17,557	—	**24,175**
including: internal work capitalised	—	*508*	—	—	—	***508***
Decreases	—	(1,279)	(948)	(394)	(1)	**(2,622)**
Reclassifications	—	5,226	8,007	(13,233)	—	**0**
Balance at 30/06/2021	**748**	**184,621**	**226,023**	**30,265**	**2,034**	**443,691**

€'000	Land and buildings	Network systems and equipment	Network assets on a free loan basis	Assets under construction and payments on account	Other assets	Total
Acc. depreciation						
Balance at 31/03/2020	**(108)**	**(81,048)**	**(80,779)**	**—**	**(1,327)**	**(163,262)**
Increases	*(60)*	*(25,213)*	*(36,171)*	*—*	*(182)*	***(61,626)***
including: internal work capitalised	*—*	*(428)*	*—*	*—*	*—*	***(428)***
Decreases	—	2,541	1,058	—	28	**3,628**
Balance at 31/03/2021	**(168)**	**(103,720)**	**(115,892)**	**—**	**(1,481)**	**(221,260)**
Increases	(15)	(6,635)	(10,221)	—	(42)	**(16,914)**
including: internal work capitalised	*—*	*(156)*	*—*	*—*	*—*	***(156)***
Decreases	—	1,102	630	—	1	**1,733**
Balance at 30/06/2021	**(183)**	**(109,253)**	**(125,483)**	**—**	**(1,522)**	**(236,441)**
Acc. impairment losses						
31/03/2020	—	(857)	—	(1,993)	—	**(2,850)**
31/03/2021	—	(898)	—	(2,202)	—	**(3,100)**
30/06/2021	—	(1,200)	—	(2,200)	—	**(3,400)**
Carrying amounts						
31/03/2020	**545**	**67,230**	**78,898**	**21,730**	**709**	**169,112**
31/03/2021	**558**	**71,862**	**100,671**	**24,133**	**555**	**197,778**
30/06/2021	**565**	**74,169**	**100,539**	**28,065**	**512**	**203,850**

During the three months ended 30 June 2021 the company acquired assets with a cost of €24,175 thousand, including internal work capitalised for €508 thousand (three months ended 30 June 2020 cost of € 23,570 thousand, including internal work capitalised for €361 thousand).

"Land and buildings" amount to €565 thousand. The caption includes costs of €438 thousand incurred to dismantle infrastructure and restore the site after discontinuation of its use, when the company has a constructive or legal obligation as per the related lease.

"Network systems and equipment" amount to €74,169 thousand and mainly comprise the costs incurred to purchase transceivers, antennas, servers and other network equipment that the company purchases to develop its network infrastructure.

The caption also includes the personnel expenses of the employees involved in network infrastructure design activities (€2,610 thousand). The company started to capitalise these expenses in the year ended 31 March 2020 as they mostly refer to activities strictly related to the development of the 28 Ghz network infrastructure.

Obsolete and/or damaged assets included in this caption which the company intends to sell, impaired by €1,200 thousand at 30 June 2021 (€898 thousand at 31 March 2021).

The company has given its lending banks a special first level lien on its systems and equipment as guarantee for a medium to long-term loan to be used to invest in the broadband wireless TLC network infrastructure.

"Network assets on a free loan basis" of €100,539 thousand includes assets given to customers on a free loan basis to provide them with access to the company's connectivity services.

"Assets under construction and payments on account" amount to €28,065 thousand and mostly consist of antennas for wireless connections that the company has purchased to ensure the ongoing development of its infrastructure. They will be installed with customers on a free loan basis. Obsolete and/or damaged assets included in this caption which the company intends to sell were impaired by €2,200 thousand at 30 June 2021 (€2,202 thousand at 31 March 2021).

The impairment losses on network systems and equipment and network assets on a free loan basis amount to €1,023 thousand and €222 thousand in the years ended 30 June 2021 and 30 June 2020, respectively. More information is available in note 30.

"Other assets" amount to €512 thousand and mostly comprise company vehicles and office electronic equipment.

Depreciation is calculated on assets available for use using rates held to reflect their useful economic lives as described in the section on accounting policies.

The company did not revalue its assets at 30 June 2021.

Increases in property, plant and equipment made during the period are presented in the statement of cash flows.

6. Right-of-use assets

This caption increased by a net €5,364 thousand on 31 March 2021 to €111,277 thousand.

The caption and changes therein may be analysed as follows:

€'000	**Hosting**	**Fibre optic IRU**	**Property**	**Cars**	**Other**	**Total**
Historical cost						
Balance at 31/03/2020	**73,792**	**23,129**	**14,583**	**2,286**	**2,149**	**115,939**
Increases	20,540	7,048	—	1,721	1,029	**30,338**
Decreases	(94)	—	—	—	(77)	**(171)**
Balance at 31/03/2021	**94,238**	**30,177**	**14,583**	**4,007**	**3,101**	**146,106**
Increases	5,734	3,661	—	169	368	**9,932**
Decreases	—	—	—	(464)	—	**(464)**
Balance at 30/06/2021	**99,972**	**33,838**	**14,583**	**3,712**	**3,469**	**155,574**
Acc. depreciation						
Balance at 31/03/2020	**(19,303)**	**(4,189)**	**(1,219)**	**(1,096)**	**(617)**	**(26,424)**
Increases	(10,235)	(1,781)	(363)	(816)	(671)	**(13,866)**
Decreases	94	—	—	—	3	**97**
Balance at 31/03/2021	**(29,444)**	**(5,970)**	**(1,582)**	**(1,912)**	**(1,285)**	**(40,193)**
Increases	(3,009)	(546)	(124)	(292)	(173)	**(4,144)**
Decreases	—	—	—	40	—	**40**
Balance at 30/06/2021	**(32,453)**	**(6,516)**	**(1,706)**	**(2,164)**	**(1,458)**	**(44,297)**
Carrying amounts						
31/03/2020	**54,489**	**18,940**	**13,363**	**1,191**	**1,532**	**89,515**
31/03/2021	**64,794**	**24,207**	**13,001**	**2,095**	**1,816**	**105,913**
30/06/2021	**67,519**	**27,322**	**12,877**	**1,548**	**2,011**	**111,277**

"Hosting" mostly includes the cost of contracts to place EOLO equipment for the reception and transmission of radio signals and the regeneration of fibre optic connections in third party sites. The leases have an estimated term of six years.

"Fibre optic IRU" chiefly refer to contracts agreed to obtain multi-year rights to use dark fibre sections. They usually have a term of 15 years and provide for advance payment.

"Property" mostly comprises property leased for office use.

"Cars" include the cost of car lease and hire contracts which mainly have a four year term.

"Other" principally comprises the cost of leasing IT equipment (data centres) and other assets (canteen equipment).

7. Contract costs

€'000	30/06/2021	31/03/2021	Variation
Commissions	9,754	10,362	(608)
Installations	3,730	3,653	77
Total	**13,484**	**14,015**	**(531)**

At 30 June 2021, contract costs amount to €13,484 thousand and include costs to fulfil the contract for installations subsequent to the initial installation of the radio transceivers with customers (€3,730 thousand) and costs to obtain a contract for commissions paid to agents to acquire new customers (€9,754 thousand).

These costs are recognised under "Purchases of materials and services" in profit or loss (see note 26).

8. Other financial assets

Other financial assets of €789 thousand at 30 June 2021 include the following equity investments:

	Quota capital/ Consortium fund	Investment %	Investment €	Carrying amount of investment
MIX S.r.l. Via Caldera 21 - Milan	1,000,000	15.00%	150,000	179,328
Open Hub Med Società Consortile Via Caldera 21 - Milan	836,061	9.87%	82,482	130,000
Fondazione ITS INCOM Viale Stelvio 173 - Busto Arsizio (Varese)				1,000
Equity investments				**310,328**

Equity investments did not change from 31 March 2021.

In addition to the above equity investments, "Other financial assets" are mainly comprised of guarantee deposits for leases, electricity supply contracts and bids to acquire frequencies (€474 thousand).

9. Deferred tax assets and liabilities

The following table shows deferred tax assets and liabilities, the temporary differences that generated them, the related tax effects and the variation on the previous year end as well as the amounts recognised in profit or loss.

€'000	01/04/2021	Recognised in profit or loss	30/06/2021
Property, plant and equipment	744	72	**816**
Trade receivables and other assets	896	103	**999**
Taxed provisions for agents' termination benefits	17	—	**17**
Membership fees	(39)	13	**(26)**
Directors' fees	56	21	**77**
Depreciation and amortisation	1,747	89	**1,836**
Leases	192	—	**192**
Exchange losses	31	(17)	**14**
Tax losses	4,520	865	**5,385**
IFRS FTA	(1,152)	35	**(1,117)**
Total	**7,012**	**1,181**	**8,193**

At 30 June 2021, the company has unrecognised deferred tax assets of approximately €1.2 million arising on temporary differences.

10. Trade receivables

Trade receivables are presented net of the loss allowance of €5,200 thousand set up for certain losses. The allowance is adequate to cover the expected credit losses.

€'000	30/06/2021	31/3/2021	Variation
Trade receivables	15,418	15,344	74
Loss allowance	(5,200)	(4,759)	(441)
Total	**10,218**	**10,585**	**(367)**

All the company's customers are Italian and transactions are solely made in Euros.

It does not have any trade receivables due after more than five years.

More information is available in notes 31 and 34.

11. Other assets

This caption comprises:

€'000	30/06/2021	31/03/2021	Variation
Sundry deferred costs	6,837	6,070	767
Deferred costs for frequencies	1,880	2,727	(847)
Deferred costs for virtual vouchers	986	1,360	(374)
Tax assets	789	1,230	(441)
Other	175	723	(548)
Total	**10,667**	**12,111**	**(1,444)**

"Sundry deferred costs" mainly consist of costs relating to subsequent periods for device maintenance (€1,770 thousand), software maintenance and licences (€1,749 thousand), sundry service activation contributions (€561 thousand) and connectivity (€516 thousand).

"Deferred costs for virtual vouchers" relate to virtual vouchers recognised in profit or loss when they are used by customers, i.e., when they purchase the connectivity service.

"Tax assets" at 30 June 2021 mostly relate to the €648 thousand due from Cometa S.p.A. for the IRES tax benefit arising from the company's tax losses, which were transferred to the parent Cometa S.p.A. and may be used solely by it due to the expiry of the domestic tax consolidation scheme provided for by article 117 and following articles of Presidential decree no. 917/1986 on 31 March 2019.

This amount was reclassified as a tax asset after the transfer (as allowed by article 43-ter of Presidential decree no. 602/73) of part of the excess IRES tax losses recognised by the parent due to its higher payments made.

"Other" comprises:

€'000	30/06/2021	31/03/2021	Variation
Advances to suppliers	104	691	(587)
Payments on account to INAIL (the National Institute for Insurance against Accidents at Work)	39	20	19
Grants to be received	20	—	20
Sundry amounts	12	12	—
Total	**175**	**723**	**(548)**

12. Current tax assets

At 30 June 2021, the caption includes the IRAP (regional tax on productive activities) payment on account of €52 thousand.

13. Cash and cash equivalents

€'000	30/06/2021	31/03/2021	Variation
Bank and postal accounts	14,682	15,375	(693)
Cash-in-hand and cash equivalents	2	3	(1)
Total	**14,684**	**15,378**	**(694)**

The balance shows the company's cash and cash equivalents held in current accounts that bear floating interest rates at year end (more information about changes in this caption is provided in the statement of cash flows).

14.Equity

a) Share capital

The company's fully paid-up and subscribed share capital may be analysed as follows:

	No. of shares
Ordinary shares	**5,510,204**

	No. of shares	Investment %
Cometa S.p.A.	2,810,204	51%
SCP ECP UK	2,700,000	49%
Ordinary shares	**5,510,204**	**100%**

b) Share premium

This item includes the premium paid for the capital increase approved by the shareholders in their extraordinary meeting of 22 December 2017 (€25,000 thousand).

c) Reserves

They comprise the legal reserve (€1,309 thousand) and other reserves, which include the extraordinary reserve (€7 thousand), the translation reserve (€173 thousand), negative goodwill (€127 thousand), the FTA reserve (€209 thousand) and the actuarial reserve (€144 thousand). Only the actuarial reserve underwent any changes in the period, an improvement of €9 thousand as a result of net actuarial gains.

15. Bank loans and borrowings and other current and non-current financial liabilities

Bank loans and borrowings and other financial liabilities amount to €133,875 thousand and show the use of current and non-current credit facilities.

The increase of €12,421 thousand reflects the company's greater need for financial resources which it mostly uses for investments.

A breakdown of the company's indebtedness is as follows:

€'000	30/06/2021	31/03/2021	Variation
Non-current loans			
Loan with final repayment in December 2024, interest rate of Euribor + 2.40% (refinancing)	78,466	78,330	136
Loan with final repayment in December 2024, interest rate of Euribor + 2.40% (capex)	23,772	18,731	5,041
Shareholder loan with final repayment in January 2025, interest rate of Euribor + 2.90%	10,000	10,000	—
Advances on invoices	—	2,149	(2,149)
	112,238	**109,209**	**3,028**
of which:			
Current portion	**11,051**	**12,965**	**(1,914)**
Non-current portion	**101,187**	**96,246**	**4,941**
Current loans and borrowings			
Import financing, hot money and revolving credit facilities	18,505	11,560	6,945
Other financial liabilities	635	11	624
Overdrafts	63	37	26
Advances on invoices	2,434	636	1,798
	21,637	**12,244**	**9,393**
Total	**133,875**	**121,454**	**12,421**

The financing of €145,000 thousand provided by a syndicate of Italian and international banks on 17 December 2019 comprises the following facilities:

- refinancing facility of €85,000 thousand, fully provided at 30 June 2021. The related financial liability amounts to €78,466 thousand at the reporting date;
- capex facility of €50,000 thousand to be used for investments as part of the business plan; during the period, an additional €5,000 thousand was drawn down since 31 March 2021 on 30 June 2021. The related financial liability amounts to €23,772 thousand at 30 June 2021;
- revolving credit facility of €10,000 thousand, €4,000 thousand of which was drawn down at 30 June 2021.

The financing is secured by collateral on the company's assets (a first level special lien on plant and machinery).

The financial liability is net of €2,663 thousand arising from amortised-cost accounting.

This new non-current financing has a covenant based on the company's leverage ratio (debt/gross operating profit ratio) as set out in the related agreement. Compliance with this covenant is checked twice a year on 31 March and 30 September. It has been complied with at the reporting date.

In addition to the above financing, the company's majority shareholder, Cometa S.p.A., provided it with a €10,000 thousand loan in the previous year. The related agreement includes a subordination clause, whereby this loan is repaid only after the above-mentioned syndicate financing.

Advances on invoices of €2,434 thousand relate to the agreement with De Lage Landen International B.V. to purchase network devices.

For the purposes of the statement of cash flows, the total loans received (€6,021 thousand at 30 June 2021) and repaid (€735 thousand and €186 thousand at 30 June 2021 and 2020, respectively) include the loans agreed and repaid during the period.

16. Lease liabilities

The terms and conditions of the company's lease liabilities of €89,194 thousand are set out below:

				30/06/2021		31/03/2021	
€'000	**Currency**	**Nominal rate**	**Term**	**Nominal amount**	**Carrying amount**	**Nominal amount**	**Carrying amount**
Lease liabilities	€	0.89%-3.98%	2039	98,401	89,194	93,767	84,813
				98,401	**89,194**	**93,767**	**84,813**

17. Derivatives

At the reporting date, this caption shows the derivatives hedging the lease with Intesa Sanpaolo S.p.A. agreed on 26 July 2017, whose changes are summarised below:

€'000	**30/06/2021**	**31/03/2021**
Opening balance	**203**	**243**
Utilisations	—	—
Fair value losses	—	—
Fair value gains	(24)	(40)
Closing balance	**179**	**203**

The next table shows the derivatives' notional amount and fair value:

Type of derivative	Interest rate swap
Contract no.	**24295038**
Purpose	hedging
Underlying financial risk	interest rate
Maturity	9/30/2027
Bank	Intesa Sanpaolo
Notional amount at 31 March 2021	5,200
Fair value at 31 March 2021	(203)
Notional amount at 30 June 2021	5,000
Fair value at 30 June 2021	(179)

18. Provisions

The company sets up provisions mostly for possible future costs related to pensions and similar benefits for agents and the director as well as site restoration costs.

Changes in the provisions for pensions and similar benefits are as follows:

€'000	**30/06/2021**	**31/03/2021**
Opening balance	542	214
Utilisations	—	(6)
Accruals	27	224
Closing balance	**569**	**542**

Changes in the provision for restoration costs are as follows:

€'000	30/06/2021	31/03/2021
Opening balance	632	546
Utilisations	—	—
Accruals	24	86
Closing balance	**656**	**632**

19. Employee benefits

a) Non-current

The non-current liability for employee benefits comprises post-employment benefits, amounting to €4,773 thousand at the reporting date, which is a net increase of €190 thousand on 31 March 2021 being the balance of utilisations and accruals.

These liabilities may be analysed as follows:

€'000	30/06/2021	31/03/2021	Variation
Post-employment benefits	4,773	4,583	190
LTIP	—	14,867	(14,867)
Closing balance	**4,773**	**19,450**	**(14,677)**

The decrease in the non-current liability for employee benefits on 31 March 2021 is due to the long-term incentive plan (LTIP), which was reclassified to current liabilities at 30 June 2021 since EOLO's ownership is expected to change in the short term, and this will trigger the pay-outs. Reference should be made to note 19.b for additional details.

Changes in the post-employment benefits during the period are shown below:

€'000	30/06/2021	31/03/2021
Opening balance	**4,583**	**3,692**
Current service cost	240	925
Benefits paid	(49)	(234)
Actuarial losses (gains)	(9)	161
Interest cost	8	39
Closing balance	**4,773**	**4,583**

The main actuarial assumptions are set out in the following table (shown as weighted averages):

	30/06/2021	31/03/2021
Annual discount rate	0.79%	0.72%
Annual inflation rate	0.80%	0.80%
Annual post-employment benefits growth rate	2.10%	2.10%
Annual real salary growth rate	0.50%	0.50%

Should any reasonably possible changes in the actuarial assumptions have taken place at the reporting date, they would not have had a significant impact on the benefits' carrying amounts.

b) Current portion

The short-term employee benefits comprise:

€'000	30/06/2021	31/03/2021	Variation
LTIP	16,306	—	16,306
Accrued holidays	2,465	2,209	256
Variable remuneration	828	1,535	(707)
13th and 14th month remuneration	763	1,477	(714)
Closing balance	**20,362**	**5,221**	**15,141**

The company introduced a five-year LTIP on 1 September 2018 for its directors and/or managers and/or key employees.

The liability for this LTIP amounts to €16,306 thousand (including the relevant portion of the related costs), up €1,439 thousand on 31 March 2021. At 31 March 2021, it was classified under non-current liabilities and was reclassified at 30 June 2021 under current liabilities for employee benefits since EOLO's ownership is expected to change in the short term, and this will trigger payment of the payments.

Under this plan, beneficiaries are awarded a bonus (€2,670 thousand at 30 June 2021) which is included in their remuneration. This bonus is calculated using a multiplier mechanism based on the increase in the company's value compared to a benchmark defined in the plan regulation. In addition, the plan has various payment options (including partial options) including should the company's shares be sold (cash-settled), the company be listed (equity-settled) or upon the benefits' natural maturity date (cash-settled).

The company engaged an external expert to estimate the plan's fair value. This expert applied the relevant valuation criteria and calculated the plan's fair value to be the present value (at each reference date) of the remuneration streams to be paid to the beneficiaries using the binomial model. The expert also considered an estimate of the company's enterprise value at the reporting date compared to the benchmark defined in the plan regulation.

The estimate of the plan's fair value at 31 March 2021 and 30 June 2021 considered the directors' assessment of the expected change in ownership in the short term as well as, given the reference context, an enterprise value at the reporting date calculated using a market comparables approach, and the status of the negotiations. As a result, the estimated vesting periods were revised.

The estimated fair value at 30 June 2021 is equal to €17.355 million, unchanged compared to 31 March 2021.

Sensitivity analyses show that the plan's fair value is sensitive to changes in the estimate of the company's enterprise value at the reference dates.

20. Other liabilities

a) Non-current

The caption mostly comprises the non-current portion of deferred income for the tax asset on investments in Southern Italy (€387 thousand and €429 thousand at 30 June 2021 and 31 March 2021, respectively) and the non-current portion of grants obtained for the infrastructure investments covered by the Ministry of Economic Development's calls for proposals (€ 3,487 thousand)

Non-current *€'000*	30/06/2021	31/03/2021	Variation
Deferred income	3,913	2,868	1,045
Total	**3,913**	**2,868**	**1,045**

b) Current portion

This caption comprises:

Current *€'000*	**30/06/2021**	**31/03/2021**	**Variation**
Advances from inactive customers	2,768	2,688	80
Tax liabilities	1,896	1,892	4
Deferred income - Infratel	1,074	2,385	(1,311)
Social security contributions	1,073	659	414
Other	404	2,135	(1,731)
Other deferred income	250	250	—
Total	**7,465**	**10,009**	**(2,544)**

"Deferred income - Infratel" includes the current portion of grants obtained for infrastructure investments covered by the Ministry of Economic Development's calls for proposals.

"Tax liabilities" chiefly comprise VAT of €1,237 thousand and withholdings of €570 thousand on employee remuneration.

"Social security contributions" principally include amounts due to INPS (National Institute for Social Security), INAIL and other social security institutions as shown below:

€'000	**30/06/2021**	**31/03/2021**	**Variation**
INPS	853	425	428
Manager funds	22	90	(68)
Enasarco (National Institute for Business Agents and Representatives)	72	68	4
Fondo Fon.Te	73	47	26
INAIL	46	22	24
Fondo EST	6	6	—
Bilateral bodies	1	1	—
Total	**1,073**	**659**	**414**

"Other" comprises:

€'000	**30/06/2021**	**31/03/2021**	**Variation**
Directors	308	236	72
Sundry	60	1,874	(1,814)
Supplementary pension plans	36	25	11
Total	**404**	**2,135**	**(1,733)**

"Sundry" mostly consists of the amounts received from certain partners as guarantee deposits (€46 thousand). The decrease on 31 March 2021 is mainly due to the balance due for the 2021 calendar year in relation to ministerial concessions for frequencies (€1,769 thousand).

21. Trade payables

€'000	**30/06/2021**	**31/03/2021**	**Variation**
Italian suppliers	46,584	44,087	2,497
EU suppliers	11,113	10,811	302
Non-EU suppliers	168	801	(633)
Credit notes to be received	(871)	(237)	(634)
Total	**56,994**	**55,462**	**1,532**

Trade payables of €56,994 thousand are net of trade discounts and include invoices to be received of €12,691 thousand. They are mostly due to connectivity service and equipment providers and are concentrated with just a few key suppliers.

Credit notes to be received show the amounts charged and deemed not due which the company has accordingly contested with the counterparty, as well as price adjustments granted by the providers of connectivity and related services.

22. Contract liabilities

This caption refers to connectivity services invoiced and paid for in advance but not yet provided.

A breakdown of this caption is as follows:

€'000	**30/06/2021**	**31/03/2021**	**Variation**
Wireless services	30,378	31,205	(827)
Sundry services	167	125	42
Wired services	44	47	(3)
Total	**30,589**	**31,377**	**(788)**

23. Current tax liabilities

At 30 June 2021, these consist of the IRAP liability for the three months ended 30 June 2021 (€52 thousand).

24. Revenue and other income

€'000	**Period ended 30/06/2021**	**Period ended 30/06/2020**	**Variation**
Revenue	50,828	44,140	6,688
Other income	657	885	(228)
Total	**51,485**	**45,025**	**6,460**

Revenue refers to the rendering of connectivity services. More information about the company's products is available in the table below.

All revenue is earned with Italian customers in Euros.

Other income mostly consists of deferred income for grants obtained for infrastructure investments covered by the Ministry of Economic Development's calls for proposals (€204 thousand and €596 thousand at 30 June 2021 and 30 June 2020, respectively) and tax assets for investments in Southern Italy (€42 thousand at 30 June 2021).

The decrease in other income for grants obtained for infrastructure investments covered by the Ministry of Economic Development's calls for proposals reflects the infrastructural investments whose depreciation period endedon 31 March 2021.

Disaggregation of revenue from contracts with customers

No debt or equity instruments of EOLO are traded in a public market, nor is EOLO in the process of filing its financial information with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market, consequently IFRS 8 on segment reporting is not applicable.

The following table shows revenue from contracts with customers broken down by geographical segment, business segment and revenue recognition timing:

Breakdown of revenue

€'000	Period ended 30/06/2021	Period ended 30/06/2020	Variation
Geographical segment			
Italy	50,828	44,140	6,688
	50,828	**44,140**	**6,688**
Business segment			
Wireless	50,545	43,928	6,617
Wired	167	132	35
Other services	116	80	36
	50,828	**44,140**	**6,687**
Other revenue	**657**	**885**	**(228)**
Total	**51,485**	**45,024**	**6,459**

25. Internal work capitalised

Internal work capitalised of €817 thousand relates to network design (€508 thousand) and the development of application software (€309 thousand) compared to a total of €749 thousand for the period ended 30 June 2020 made up of €361 thousand for network design and €388 thousand for the development of application software. More information is available in notes 4 and 5.

26. Purchases of materials and services

This caption includes the cost of:

€'000	Period ended 30/06/2021	Period ended 30/06/2020	Variation
Marketing & Sales	8,581	8,088	493
Installations & Maintenance	4,512	3,116	1,396
Other	3,860	2,072	1,788
Connectivity services	2,295	2,448	(153)
Licences/Ministerial concessions	1,354	906	448
POP and related costs	468	364	104
Bank fees	460	554	(94)
Directors' fees	265	250	15
Materials	166	309	(143)
Statutory auditors' fees	14	14	—
Total	**21,975**	**18,121**	**3,854**

The increase on the same period of the previous year is due to the company's greater business volumes and higher revenue. It mostly refers to the cost of Installations & Maintenance and Marketing & Sales, which include the cost of commissions paid to agents and representatives.

The increase in marketing costs in particular is due to the new advertising campaign launched during the period.

Costs to obtain and fulfil contracts amount to €3,978 thousand and €3,038 thousand for the reporting period and the same period of the previous year, respectively.

27. Personnel expenses

This caption of €8,258 thousand comprises additional months' remuneration, accrued holidays, reduced working hours and related costs as well as post-employment benefits. It may be analysed as follows:

€'000	Period ended 30/06/2021	Period ended 30/06/2020	Variation
Wages and salaries	4,951	4,328	623
Employee benefits	1,791	457	1,334
Social security contributions	1,503	1,318	185
Other costs	13	12	1
Total	**8,258**	**6,115**	**2,143**

The company's average workforce numbers 493, an increase of 35 on the same period of the previous year.

Note 19 provides more information about employee benefits.

28. Other operating costs

Other operating costs amount to €947 thousand and mainly consist of prior year expense of €647 thousand, sector association membership fees of €87 thousand and VAT on self-invoices for gifts (€84 thousand).

29. Depreciation and amortisation

This caption of €23,777 thousand comprises depreciation of property, plant and equipment of €16,913 thousand, amortisation of intangible assets of €2,720 thousand and depreciation of right-of-use assets of €4,144 thousand. More information is available in notes 4, 5 and 6.

30. Impairment losses on non-current assets

This caption amounts to €1,023 thousand (€222 thousand in the period ended 30 June 2020) and includes impairment losses on property, plant and equipment, mostly due to their technological obsolescence.

31. Impairment losses on trade receivables and other financial assets

This caption of €443 thousand (€287 thousand in the period ended 30 June 2020) includes accruals for credit losses.

More information is available in note 34.

32. Net financial expense

Financial income and expense are as follows:

€'000	Period ended 30/06/2021	Period ended 30/06/2020	Variation
Financial income	280	126	154
Financial expense	(1,643)	(1,705)	62
Net financial expense	**(1,363)**	**(1,579)**	**216**

"Financial income" is mostly comprised of exchange gains amounting to €255 thousand (€126 thousand in the period ended 30 June 2020).

"Financial expense" mainly includes interest expense on loans of €732 thousand (€719 thousand in the period ended 30 June 2020), interest expense on leases of €540 thousand (€767 thousand in the period ended 30 June 2020) and exchange losses of €116 thousand (€29 thousand in the period ended 30 June 2020).

33. Income taxes

This caption may be analysed as follows:

€'000	Period ended 30/06/2021	Period ended 30/06/2020	Variation
Current taxes			
Current taxes	52	87	(35)
Changes in estimates related to prior years	—	—	—
Deferred taxes			
Origination and reversal of temporary differences	(316)	(199)	(117)
Recognition for tax losses	(865)	(502)	(363)
Recognition (reversal) of deductible temporary differences not recognised in previous years	—	—	—
Total	**(1,129)**	**(614)**	**(515)**

34. Financial instruments - Fair values and risk management

The following table shows the carrying amount and fair value of financial assets and liabilities:

	30/06/2021		31/03/2021	
€'000	Carrying amount	Fair value	Carrying amount	Fair value
Other financial assets	789	789	631	631
Trade receivables	10,218	10,218	10,585	10,585
Other assets	10,719	10,719	12,164	12,164
Cash and cash equivalents	14,685	14,685	15,378	15,378
Non-derivative financial assets	**36,411**	**36,411**	**38,758**	**38,758**
Loans	101,187	101,187	96,246	96,246
Bank loans and borrowings	32,688	32,688	25,208	25,208
Trade payables	56,994	56,994	55,462	55,462
Other liabilities	68,378	68,378	70,099	70,099
Non-derivative financial liabilities	**259,247**	**259,247**	**247,015**	**247,015**
Derivatives	179	179	203	203
Derivative financial liabilities	**179**	**179**	**203**	**203**
Lease liabilities	89,194	89,194	84,813	84,813
Lease liabilities	**89,194**	**89,194**	**84,813**	**84,813**

The company uses the following methods and main assumptions to determine the fair value of financial instruments:

- non-derivative financial assets: their fair value is estimated using the expected cash flows discounted at the reporting-date market interest rate. Their fair value is the same as their carrying amount as it is already net of impairment losses;
- loans and bank loans and borrowings: they bear floating interest rates and, therefore, there are no significant differences between their carrying amount and fair value, also because they are presented net of the related cost;
- trade payables and other liabilities: their fair value is estimated using the expected cash flows discounted at the reporting-date market interest rate. Their carrying amount is a reasonable approximation of their fair value;
- derivative financial liabilities: their fair value equals the present value of the expected cash flows estimated using observable market parameters, compared to the prices of the counterparty financial intermediary.

Fair value hierarchy

There are three levels:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and if there is no principal market, the most advantageous market for the asset or liability shall be identified;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Instruments included in Level 2 are assets and liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals;
- Level 3: inputs that are unobservable for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that Level 1 and 2 inputs are not available.

Derivative financial liabilities are recognised at Level 2 fair value. The carrying amount of the company's other financial assets and liabilities, calculated as described above, is a reasonably approximation of their fair value.

Financial risk management

The company has exposure to the following risks arising from financial instruments:

- market risk: interest rate risk and currency risk;
- liquidity risk;
- credit risk.

The company's board of directors has overall responsibility for its risk appetite and risk appetite framework.

The company's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Interest rate risk

The risk of adverse changes in interest rates on the currency markets mostly relates to the non-current credit facilities agreed on 17 December 2019.

The related agreement establishes an interest rate equal to the 3-month EURIBOR for the drawn-down amounts.

Given the type of credit facilities and market trends, the company has not deemed it necessary to enter into hedges to mitigate or eliminate this risk.

It is not obliged to do so under the terms of the loan agreements.

The following table shows only financial liabilities with floating interest rates, using the same classification as that of note 15:

€'000	30/06/2021	31/03/2021	Variation
Non-current loans			
Loan with final repayment in December 2024, interest rate of Euribor + 2.40% (refinancing)	78,466	78,330	136
Loan with final repayment in December 2024, interest rate of Euribor + 2.40% (capex)	23,772	18,731	5,041
Shareholder loan with final repayment in January 2025, interest rate of Euribor + 2.90%	10,000	10,000	—
Current loans and borrowings	2,615	2,646	-31
Total floating rate financial liabilities	**114,853**	**109,707**	**5,146**

Had the interest rates been 1% higher at the reporting date, the company's equity and profit for the period would have been respectively lower or higher, net of the related tax, by approximately €281 thousand. Moreover, the company has not considered potential extreme circumstances that cannot reasonably be foreseen.

The company does not measure any financial assets or liabilities at fair value through profit or loss (FVTPL) nor does it designate derivatives as fair value hedges.

Currency risk

Trade receivables are not exposed to currency risk as the related transactions solely take place in Euros.

While the company undertakes transactions with suppliers in foreign currency, the amounts involved are immaterial and, therefore, it is not significantly exposed to currency risk for its trade payables.

The company's exposure to currency risk is as follows:

	30/06/2021		31/03/2021	
€'000	€	USD	€	USD
Trade payables	**4,369**	**5,263**	**4,141**	**4,855**

The following significant exchange rates have been applied:

	Average annual rate		Closing rate	
	Period ended 30/06/2021	Period ended 30/06/2020	30/06/2021	31/03/2021
USD	1.2054	1.1686	1.1884	1.1725

Had the above currencies appreciated or depreciated by 10%, the company's equity and profit for the period would have increased/decreased by approximately €444 thousand, net of the related tax. This sensitivity analysis assumes that all the other variables, specifically interest rates, would not change and it does not consider the effect of planned sales and purchases.

Liquidity risk

Cash flows generated by operating activities are held in the company's current accounts with major banks and possibly invested in low-risk short-term instruments, whose yield is linked to changes in interest rates.

The treasury department closely monitors the company's net financial position to manage and optimise its commitments with suppliers and banks.

The company manages its liquidity effectively by using the most suitable sources of funding for its needs.

The unused available credit facilities at 30 June 2021 are:

- capex facility: €25,000 thousand available upon request depending on the company's need to make investments to achieve its business plan;
- revolving facility: €6,000 thousand to temporarily meet liquidity requirements; - advances of €9,500 thousand on SDD collections. The advances are available before the bank has checked collection;
- import financing of €745 thousand. The bank pays the foreign supplier upon receipt of the invoice in Euros or foreign currency in advance.

In addition to the above facilities, the banks have provided guarantees for a total of €6,264 thousand at the reporting date, including €5,000 thousand to Intracom S.A. for the purchase of radio antennas. The company have obtained insurance guarantees for the purpose of guaranteeing its obligation under certain commercial agreements in an aggregate outstanding amount of approximately €0.9 million

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

31/03/2021		**Contractual cash flows**			
€'000	**Carrying amount**	**Total**	**within one year**	**2–5 years**	**after 5 years**
Non-derivative financial liabilities					
Loans	96,246	120,107	16,375	103,732	—
Other bank loans and borrowings	25,208	25,208	25,208	—	—
Trade payables	55,462	55,462	55,462	—	—
Other liabilities	70,099	70,099	46,607	17,735	5,757
	247,015	**270,877**	**143,651**	**121,467**	**5,757**
Derivative financial liabilities					
Derivatives	203	203	—	—	203
	203	**203**	**—**	**—**	**203**
Lease liabilities					
Lease liabilities	84,813	93,767	26,754	46,854	20,159
	84,813	**93,767**	**26,754**	**46,854**	**20,159**

30/06/2021		**Contractual cash flows**			
€'000	**Carrying amount**	**Total**	**within one year**	**2–5 years**	**after 5 years**
Non-derivative financial liabilities					
Loans	101,187	117,360	14,450	102,910	—
Other bank loans and borrowings	32,688	32,688	32,688	—	—
Trade payables	56,994	56,994	56,994	—	—
Other liabilities	68,378	68,378	58,468	3,913	5,997
	259,247	**275,420**	**162,600**	**106,822**	**5,997**
Derivative financial liabilities					
Derivatives	179	179	—	—	179
	179	**179**	**—**	**—**	**179**
Lease liabilities					
Lease liabilities	89,194	98,401	29,417	47,705	21,280
	89,194	**98,401**	**29,417**	**47,705**	**21,280**

Cash inflows and outflows shown in the above table reflect the contractual cash flows and undiscounted interest of derivative financial liabilities held for risk management purposes, which are not usually extinguished before the related contract expires.

Interest to be paid on floating rate loans shown in the table is calculated using reporting-date market rates, which may fluctuate. Future cash flows of contingent consideration and derivatives could differ from the amounts presented above if the interest or exchange rates or the conditions of the underlying change.

Excluding these financial liabilities, the cash flows are not expected to take place before the expected date or for significantly different amounts.

Credit risk

Credit risk related to non-business customers is minimal as payments are made in advance. With respect to business customers, the company checks its trade receivables at each reporting date to identify any objective evidence of impairment due to events that have taken place since their initial recognition. It considers whether the customer has significant financial difficulties, demonstrated by its inability to make payments or the possible commencement of court-approved creditors settlement procedures. The loss allowance always matches the trade receivables' expected lifetime losses.

All the trade receivables are due from Italian customers.

There are no significant concentrations with single customers.

Impairment

The company has a loss allowance to cover estimated losses on trade receivables and other assets, which it tests for impairment individually (when the amounts involved are significant) or collectively (on groups of similar assets for unidentified losses). Trade receivables are broken down by ageing bracket in the following table:

€'000	30/06/2021 Carrying amount	31/03/2021 Carrying amount
Not yet due	6,249	6,427
0–60 days past due	2,065	2,145
61–180 days past due	1,012	1,020
181–360 days past due	750	845
> 360 days past due	5,343	4,907
Total	**15,419**	**15,344**

The loss allowance of €5,200 thousand at 30 June 2021 (€4,759 thousand at 31 March 2021) mostly refers to trade receivables past due by more than 360 days, net of payments on account received from the same customers.

Changes in the loss allowance for trade receivables are shown below:

Accruals for credit losses

€'000	30/06/2021	31/03/2021
Opening balance	**4,759**	**3,170**
Utilisations	(2)	(141)
Accruals	443	1,730
Closing balance	**5,200**	**4,759**

The company checks whether the trade receivables are recoverable based on the present value of the discounted cash flows. The loss allowance is always equal to the lifetime expected credit losses. The company considers reasonable and supportable information which is relevant and available. This includes quantitative and qualitative information and analyses, based on past experience, of the trade receivables as well as forward-looking information.

The company regularly checks its exposure to credit risk arising from trade receivables and takes suitable mitigation actions when necessary. Specifically, its policies provide that it sends reminders or collection notices for past-due receivables. These actions are considered when calculating the loss allowance.

The loss allowance for cash and cash equivalents is measured at an amount equal to 12-month expected losses. These impairment losses are calculated on short-term exposures. The company considers the credit risk related to its cash and cash equivalents to be low given its banks' credit ratings. It has not recognised impairment losses on other non-derivative financial assets (trade receivables) during the period.

The loss allowance covers impairment losses on trade receivables and other non-derivative financial assets. However, if it is certain it will not recover the outstanding amount, the related non-derivative financial asset is accordingly impaired directly.

35. Related parties

The company's related parties are its key management personnel, its parent and other related parties as defined below.

The tables below summarise the total amounts of transactions performed with related parties in the periods ended 30 June 2020, 31 March 2021 and 30 June 2021

Key management personnel's remuneration

The remuneration of the directors and key management personnel is shown below:

€'000	**30/06/2021**	**30/06/2020**
LTIP	1,439	153
Short-term employee benefits	475	421
Directors' fees	265	250
Termination benefits	32	30
Total	**2,211**	**854**

In addition to their salaries, the company provides key management personnel with post-employment benefits and a long-term incentive plan (LTIP).

Transactions with the parent and other related parties

Transactions with the parent and other related parties, identified using the criteria set out in IAS 24—Related party disclosures, are mostly of a trading nature.

The other related parties are mainly companies of the ELMEC Group and Searchlight Capital Partners EPC UK Limited.

The table below shows transactions performed with the parent and other related parties in the periods ended 30 June 2020, 31 March 2021 and 30 June 2021. The terms and conditions of these transactions were not more favourable than those available, or which might reasonably be expected to be available, in similar transactions with third parties on an arm's length basis.

		30/06/2021
€'000	**Parent**	**Other related parties**
Intangible assets	—	—
Property, plant and equipment	—	64
Right-of-use assets	—	1,358
Trade receivables	—	113
Other assets	—	—

€'000		30/06/2021
	Parent	Other related parties
Bank loans and borrowings and other financial liabilities	10,000	—
Lease liabilities	—	127
Trade payables	—	845
Other liabilities	133	—
Revenue	—	675
Purchases of materials and services	—	338
Financial expense	133	—

€'000		31/03/2021
	Parent	Other related parties
Intangible assets	—	319
Property, plant and equipment	—	710
Right-of-use assets	—	1,358
Trade receivables	—	69
Other assets	—	—
Bank loans and borrowings and other financial liabilities	10,000	—
Lease liabilities	—	1,277
Trade payables	—	1,919
Other liabilities	60	—

€'000		30/06/2020
	Parent	Other related parties
Revenue	—	627
Purchases of materials and services	—	645
Financial expense	205	—

At 30 June 2021, transactions with the parent mostly consist of the shareholder loan of €10 million.

At the same date, transactions with other related parties mostly relate to the sale of connectivity services, the lease for the data centre and the purchase of IT materials, devices and software licences from and to ELMEC Group companies.

36. Directors' and statutory auditors' fees

Fees paid to the directors and statutory auditors, included in the remuneration of the key management personnel presented in the section on related parties, are as follows:

€'000	Period ended 30/06/2021	Period ended 30/06/2020	Variation
Directors	265	250	15
Statutory auditors	14	14	—
Total	**279**	**264**	**15**

37. Contingent liabilities

The company and some of its employees are involved in an ongoing criminal proceeding with respect to the liability of entities under Legislative decree no. 231/2001. The proceeding started with a report filed by a competitor, Linkem S.p.A. on 14 October 2016, alleging the unauthorised use of radio frequencies, and hence the allegations are theft (article 624.2 of the Criminal Code), fraud (article 640.2.1 of the Criminal Code) and disruption of the freedom of trade or industry (article 513 of the Criminal Code). The latter allegation has been dismissed and, on 25 January 2021, the public prosecutor requested that the other two allegations of involvement in crimes as per article 110 of the Criminal Code be dismissed.

On 15 February 2021, Linkem S.p.A. appealed as per article 410 of the Criminal Code against the dismissal application. At the date of preparation of this report, a date for the hearing before the preliminary investigation judge of the Busto Arsizio Court has not been set.

Based on its internal checks and its legal counsel's advice, the company does not deem that probable risks currently exist that would require it to set up a specific provision.

38. Events after the reporting date

On 19 July 2021, an agreement with Partners Group, a top global investment manager, was announced for the sale of 75% of its share capital. On behalf of its clients, Partners Group will acquire Searchlight Capital Partners' investment and part of Cometa S.p.A.'s investment in EOLO. Cometa S.p.A. will retain the remaining 25%.

*** *** ***

On behalf of the board of directors
Chairman

Luca Spada

KPMG

EOLO S.p.A.

Financial statements as at 31 March 2021

(with independent auditors' report thereon)

KPMG S.p.A.

16 July 2021

KPMG

KPMG S.p.A.
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Independent auditors' report

To the shareholders of
EOLO S.p.A.

Opinion

We have audited the financial statements of EOLO S.p.A. (the "company"), which comprise the statement of financial position as at 31 March 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of EOLO S.p.A. as at 31 March 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed 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 "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters - Management and coordination

As required by the law, the company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own financial statements. Our opinion on the financial statements of EOLO S.p.A. does not extend to such data.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit.
We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report

to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Varese, 16 July 2021

KPMG S.p.A.

Paolo Rota
Director of Audit

Varese company registration no. 02487230126

REA no. 339475

Registered office at Via Gran San Bernardo 12
21052 Busto Arsizio (VA)

Fully paid-up share capital €10,000,000.00

Financial statements as at and for the year ended 31 March 2021

EOLO S.p.A.
Financial statements
at 31 March 2021

Statement of financial position

(€)

	Note	31/03/2021	31/03/2020
Assets			
Intangible assets	5	18,538,176	15,222,766
Property, plant and equipment	6	197,777,723	169,111,627
Right-of-use assets	7	105,913,202	89,515,314
Contract costs	8	14,015,239	9,817,623
Other financial assets	9	631,081	616,879
Deferred tax assets	10	7,012,199	1,965,287
Non-current assets		**343,887,620**	**286,249,496**
Trade receivables	11	10,584,882	9,364,996
Other assets	12	12,111,497	8,875,419
Current tax assets	13	52,426	—
Cash and cash equivalents	14	15,378,049	37,765,629
Current assets		**38,126,854**	**56,006,043**
Total assets		**382,014,474**	**342,255,540**
Equity			
Share capital	15	10,000,000	10,000,000
Share premium	15	25,000,000	25,000,000
Legal reserve	15	1,308,932	1,150,402
Other reserves	15	362,827	524,140
Profit (loss) for the year	15	(10,172,363)	3,170,603
Retained earnings	15	23,483,452	20,471,379
Total equity		**49,982,848**	**60,316,525**
Liabilities			
Bank loans and borrowings and other financial liabilities	16	96,245,523	97,540,630
Lease liabilities	17	60,003,370	52,212,249
Derivatives	18	203,303	242,831
Provisions	19	1,173,660	760,332
Employee benefits	20	19,450,190	4,237,920
Other liabilities	21	2,868,162	4,203,064
Non-current liabilities		**179,944,208**	**159,197,026**
Bank loans and borrowings and other financial liabilities	16	25,208,087	22,678,242
Lease liabilities	17	24,810,084	19,020,349
Trade payables	22	55,462,402	40,354,711
Contract liabilities	23	31,377,088	27,639,289
Employee benefits	20	5,220,908	4,468,509
Other liabilities	21	10,008,849	8,580,889
Current liabilities		**152,087,418**	**122,741,989**
Total liabilities		**332,031,627**	**281,939,015**
Total liabilities and equity		**382,014,474**	**342,255,540**

The accompanying notes are an integral part of this financial statement

EOLO S.p.A.
Financial statements
at 31 March 2021

Statement of profit or loss and other comprehensive income

(€)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
Revenue	24	187,434,813	156,226,034
Other income	24	4,441,260	4,390,895
Internal work capitalised	25	3,063,340	2,347,825
Purchases of materials and services	26	(76,628,165)	(59,857,405)
Personnel expenses	27	(38,929,858)	(22,742,914)
Other operating costs	28	(1,667,089)	(2,110,703)
Depreciation and amortisation	29	(83,300,387)	(67,903,767)
Impairment losses on non-current assets	30	(1,496,272)	(1,363,913)
Impairment losses on trade receivables and other financial assets	31	(1,730,380)	(1,268,284)
Operating profit (loss)		**(8,812,738)**	**7,717,769**
Financial income	32	661,997	337,322
Financial expense	32	(6,854,859)	(5,287,180)
Net financial expense		**(6,192,862)**	**(4,949,858)**
Profit (loss) before tax		**(15,005,600)**	**2,767,911**
Income taxes	33	4,833,236	402,692
Profit (loss) for the year		**(10,172,363)**	**3,170,603**
Other comprehensive income			
Items that will not be reclassified to profit or loss		**(161,314)**	**189,914**
Net actuarial gains (losses)		(161,314)	189,914
Items that are or may be reclassified to profit or loss		**—**	**—**
Other comprehensive income (expense), net of tax		**(161,314)**	**189,914**
Comprehensive income (expense)		**(10,333,677)**	**3,360,517**

The accompanying notes are an integral part of this financial statement

Statement of changes in equity

(€'000)

€'000	Share capital	Share premium	Legal reserve	Extraordinary reserve	Translation reserve	Negative goodwill	FTA reserve	Actuarial reserve	Retained earnings	Profit (loss) for the year	Total
At 31 March 2019	**10,000**	**25,000**	**1,008**	**7**	**173**	**127**	**209**	**(181)**	**21,135**	**(522)**	**56,956**
Allocation of profit for year ended March 31, 2019 (shareholders' resolution of 26 July 2019)	—	—	142	—	—	—	—	—	2,693	(2,835)	—
IFRS adjustments to loss for year ended March 31, 2019	—	—	—	—	—	—	—	—	(3,357)	3,357	—
Profit for the year	—	—	—	—	—	—	—	—	—	3,171	3,171
Other comprehensive income, net of tax	—	—	—	—	—	—	—	189	—	—	189
At 31 March 2020	**10,000**	**25,000**	**1,150**	**7**	**173**	**127**	**209**	**8**	**20,471**	**3,171**	**60,317**
Allocation of profit for year ended March 31, 2020 (shareholders' resolution of 20 October 2020)	—	—	159	—	—	—	—	—	3,012	(3,171)	—
Loss for the year	—	—	—	—	—	—	—	—	—	(10,172)	(10,172)
Other comprehensive expense, net of tax	—	—	—	—	—	—	—	(161)	—	—	(161)
At 31 March 2021	**10,000**	**25,000**	**1,309**	**7**	**173**	**127**	**209**	**(153)**	**23,483**	**(10,172)**	**49,983**

The accompanying notes are an integral part of this financial statement

Statement of cash flows

(€)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from operating activities			
Profit (loss) for the year		(10,172,363)	3,170,603
Adjustments for:			
Depreciation of property, plant and equipment	29	61,625,729	50,206,676
Amortisation of intangible assets	29	7,808,363	5,510,749
Depreciation of right-of-use assets	29	13,866,295	12,186,342
Gains on the sale of non-current assets		(32,900)	(25,128)
Impairment losses on property, plant and equipment	30	1,496,272	1,363,913
Share-based payments	27	14,320,968	378,143
Net financial expense	32	6,192,862	4,949,858
Income taxes	33	(4,833,236)	(402,692)
Changes in:			
Contract costs	8	(4,197,616)	(5,223,965)
Trade receivables and other assets		(4,242,288)	1,793,748
Trade payables and other liabilities		4,419,497	4,241,131
Contract liabilities	23	3,737,800	3,739,814
Provisions for risks and charges		413,328	21,276
Employee benefits	20	1,722,816	1,613,251
Cash flows generated by operating activities		**92,125,527**	**83,523,720**
Income taxes paid		(266,102)	(107,895)
Utilisation of provisions		(240,429)	(104,541)
Net cash flows generated by operating activities		**91,618,996**	**83,311,283**
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(81,700,210)	(77,561,320)
Proceeds from sale of property, plant and equipment	6	52,698	110,793
Acquisition of intangible assets	5	(10,720,438)	(7,930,681)
Acquisition of financial assets	9	(53,201)	(198,965)
Proceeds from sale of financial assets	9	39,000	46,774
Receipt of Ministry of Economic Development grants		—	1,986,360
Net cash flows used in investing activities		**(92,382,151)**	**(83,547,040)**
Cash flows from financing activities			
Interest paid	32	(5,664,836)	(4,365,926)
Decrease in current financial liabilities	16	(5,294,138)	8,124,192
Payment of transaction costs related to loans and borrowings	16	—	(3,626,150)
Proceeds from loans and borrowings	16	12,417,005	122,616,262
Repayment of loans and borrowings	16	(6,578,668)	(85,505,986)
Payment of lease liabilities		(16,503,787)	(10,713,163)
Proceeds (payments) from settlement of derivatives	18	—	(908,000)
Net cash flows from (used in) financing activities		**(21,624,424)**	**25,621,230**
Net increase (decrease) in cash and cash equivalents		**(22,387,580)**	**25,385,474**
Opening cash and cash equivalents	14	37,765,629	12,380,155
Closing cash and cash equivalents	14	15,378,049	37,765,629
Increase (decrease) in cash and cash equivalents		**(22,387,580)**	**25,385,474**

The accompanying notes are an integral part of this financial statement

Notes to the financial statements as at and for the year ended 31 March 2021

1. Business

EOLO S.p.A. ("EOLO" or the "company") is a national telecommunications operator and market leader in the supply of ultra-broadband FWA (fixed wireless access) services to the residential, business and wholesale sectors.

Set up in 1999 in Varese as NGI, the company's core business is the supply of wireless connectivity services. In 2007, it developed a wireless broadband internet access service marketed under the "EOLO" brand (which then became the company's name in 2016).

At the forefront of the search for innovative technological solutions to eliminate the digital divide, EOLO's mission is to guarantee the right to connectivity focusing on the individual in order to improve their quality of life and create value for businesses.

EOLO provides its services using its proprietary TLC infrastructure comprising fibre optic and radio transmission nodes located throughout Italy. Its network is developed in northern and central Italy while a massive investment plan was rolled out in 2019 to expand intensively into southern Italy.

At 31 March 2021, EOLO has 494 employees based in its headquarters in Busto Arsizio (Varese), located in a 20,000 square metre campus with offices, research labs, a logistics hub, conference centre, internal canteen and recreational areas, and its operating offices in Rome and Padua.

The company, complied with the guidelines provided by the government and competent authorities in order to deal with Covid-19 epidemiological emergency.

In order to guarantee its ability to ensure business continuity, the company kept its employees and consultants up to date with any new information and urged its employees to work from home when possible while concurrently safeguarding those employees who continued to come into work as it was impossible for them to work remotely.

Except as indicated above, no other significant impact on operations due to Covid-19 occurred.

EOLO has provided all its employees at the head office and those engaged in network maintenance work around the country with personal protective equipment (PPE).

It also continued to revisit its safety measures and to update its Covid-19 protocol ("Common protocol of measures to contain and curb the diffusion of Covid-19 in work environments") about the office capacity, body temperature scanning, shifts, sanitisation of common areas and canteen management.

The company participated in the procedure to request reimbursement of the costs incurred by companies to purchase PPE specifically to contain and curb the diffusion of Covid-19 and received €143,740.95 on 8 July 2020.

2. Ownership and group membership

Since 22 December 2017, EOLO has been 51% owned by Cometa S.p.A., registered office at Via Gran San Bernardo 12, Busto Arsizio (Varese), tax code 07674300962, fully paid-up share capital of €10,000,000, and 49% by Searchlight Capital Partners EPC UK Limited, registered office at
Conduit Street 56, London, VAT no. GB277722276.

As described in the directors' report, the company engaged external advisors during the year to identify possible opportunities and non-recurring transactions. Specifically, it is evaluating whether to modify its current ownership structure.

EOLO is controlled by Cometa S.p.A., which prepares consolidated financial statements of the largest group of which the company is a member as Cometa's subsidiary. These consolidated financial statements will be filed with the reports of the directors and statutory auditors with the Company Registrar.

The ultimate parent is Skylink S.p.A., registered office at Via Morazzone 5, Varese (Varese), tax code 03260070127, fully paid-up share capital of €100,000, which owns 55% of Cometa S.p.A..

The following table presents the key figures at 31 March 2020 of EOLO's parent which manages and coordinates it. They are taken from its most recently approved financial statements and are provided here to comply with the disclosure requirement of article 2497-bis of the Italian Civil Code.

Statement of financial position

€'000	31/03/2020
Non-current assets	44,295
Current assets	1,276
Total assets	**45,571**
Equity	
Share capital	5,000
Legal reserve	1,000
Other reserves	5,000
Retained earnings	34,241
Loss for the year	(372)
Current liabilities	702
Total liabilities and equity	**45,571**

Statement of profit or loss

€'000	2019/2020
Purchases of materials and services	(49)
Other operating costs	(19)
Net financial income (expense)	103
Income taxes	(407)
Loss for the year	**(372)**

3. Basis of preparation

Statement of compliance with the IFRS

The financial statements at 31 March 2021 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and related interpretations (SIC/IFRIC), endorsed by the European Union and in force at the reporting date, and the measures issued to implement article 9 of Legislative decree no. 38/2005. The Italian regulations introduced to transpose Directive 2013/34/EU are also applicable, when compatible, to companies that prepare their financial statements under the IFRS.

Financial statements

The financial statements are based on the accounting records at 31 March 2021 and have been prepared on a going concern basis. They are accompanied by a directors' report and these notes and comprise:

- statement of financial position: assets and liabilities are presented as current or non-current and the amounts to be settled or recovered within or after 12 months of the reporting date are described in the notes to each asset and liability;
- statement of profit or loss and other comprehensive income: costs are classified by nature and the operating profit or loss and the profit or loss before tax are presented as separate sub-totals;

- statement of changes in equity: this statement shows the company's comprehensive income (expense), owner transactions and details of each equity item presented;
- statement of cash flows: this presents the cash flows from operating, investing and financing activities. Cash flows from operating activities are presented using the indirect method, under which the profit or loss for the year is adjusted for non-monetary transactions, the postponement or accrual of previous or future collections or payments and revenue related to cash flows from investing or financing activities.

The purpose of these notes is to present the basis of preparation, the disclosures required by the IFRS and not included in other parts of the financial statements as well as any other information not provided in the financial statements but necessary to reliably present the company's operations.

The statement of financial position, the statement of profit or loss and other comprehensive income and the statement of cash flows are prepared in Euros (the company's functional currency) without decimal points. The figures in the statement of changes in equity and these notes are prepared in thousands of Euros, unless specified otherwise.

Moreover, the mandatory captions required by IAS 1 with nil balances for both the current and previous years have not been included in the financial statements.

Approval of the financial statements

The company's board of directors approved the financial statements at 31 March 2021 on 15 July 2021. They have been audited by KPMG S.p.A. and will be presented to the company's shareholders. The board of directors may change the financial statements up until the date of the shareholders' meeting called to approve them. The shareholders also have the right to request changes to the financial statements.

Use of judgements and estimates

In preparing these financial statements and notes, management has made judgements and estimates that affect the carrying amount of assets and liabilities and disclosures about contingent assets and liabilities at the reporting date. These judgements and estimates are based on information available at the date of preparation of the financial statements, management's experience and other relevant information. Actual results may differ from these estimates. Estimates are used to measure assets, amortisation and depreciation, deferred tax assets, loss allowances, employee benefits and provisions. Management revisits the estimates and judgements regularly and the effects of any changes are shown in profit or loss. Critical measurement processes and key judgements used to apply the IFRS and that can significantly affect the carrying amounts of assets and liabilities or trigger the risk that their carrying amount may be significantly different in the subsequent reporting period are described below.

These notes summarise the financial statements captions subject to a high degree of judgement or complexity that are likely to require adjustments due to significant differences between estimates and actual results. The following sections provide details of these estimates and judgements together with an explanation of the calculation criteria used for each caption.

The areas that require significant estimates and judgements are:

- identification of performance obligations and the term of contracts with customers, note 4 (n);
- the period of time over which the incremental costs to obtain a contract and to fulfil a contract are expensed, note 4 (n);
- the useful life of property, plant and equipment, note 4 (b.3);
- impairment losses on property, plant and equipment, note 4 (b.4);
- right-of-use assets, note 4 (c);
- the lease term depending on whether the company is reasonably certain it will exercise the extension option, note 4 (c);
- the fair value of share-based payments, note 4 (l);
- provisions and contingent liabilities, notes 4 (h) and 37.

Management checks the estimates and judgements regularly. They are based on past experience and other factors, including expectations about future events that could have an impact on the company's financial position and are considered reasonable in the circumstances.

4. Summary of the significant accounting policies

(a) Intangible assets with a finite useful life

(a.1) Initial recognition and measurement

Intangible assets are initially recognised at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss when the asset is derecognised.

(a.2) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(a.3) Amortisation

Intangible assets are amortised over their useful lives and tested for impairment whenever there is indication of a possible impairment loss. The company checks the amortisation period and method at the end of each year or more frequently if necessary. Any changes to the amortisation pattern are applied prospectively. Amortisation is calculated on a systematic basis over the asset's estimated useful life using the following criteria:

- software and licences are amortised over three or five years, depending on their residual income generating potential;
- development expenditure for internally-developed application software is amortised over three years;
- rights to use radio frequencies are amortised over the contract term.

An intangible asset with a finite useful life is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition, recognised in profit or loss, is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

(b) Property, plant and equipment

(b.1) Initial recognition

Property, plant and equipment are recognised and measured at cost as established by IAS 16. Therefore, they are recognised at their purchase or production cost, including directly attributable costs and subsequently adjusted for accumulated depreciation, any accumulated impairment losses and/or reversals of impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Land is not depreciated, even when it is acquired together with a building. The gain or loss on the sale of property, plant, machinery, equipment or other assets is determined as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in profit or loss in the period of the derecognition.

(b.2) Subsequent expenditure

Subsequent expenditure and the cost of replacing parts of some items of property, plant and equipment are added to the item's carrying amount and capitalised only if it is probable that the future economic benefits associated with the related item increase. All other costs are expensed when incurred.

When the cost of replacing parts of some items of property, plant and equipment is capitalised, the carrying amount of the parts that are replaced is expensed.

The cost of non-routine maintenance that extends the useful life of the item of property, plant and equipment is capitalised and depreciated over the item's useful economic life. The cost of routine maintenance is expensed when incurred.

(b.3) Depreciation

Depreciation of an item of property, plant and equipment begins when it is available for use until the earlier of the date that asset is classified as held for sale (in accordance with IFRS 5) and the date that the asset is derecognised. Any changes to the depreciation pattern are applied prospectively. The depreciable amount is the item's carrying amount less its estimated disposal proceeds at the end of its useful life, if significant and reasonably determinable. Depreciation is calculated using rates that reflect the item's estimated useful life based on the company's plans which include its physical wear and tear and technological obsolescence and its estimated realisable value net of the scrapping costs. When an asset is composed of more than one significant part with different useful lives, each part is depreciated separately.

Depreciation is calculated on a systematic basis over the asset's estimated useful life using the following rates:

• Buildings	3%
• Network systems and equipment	10% - 20%
• Assets under free loan	20% - 50%

Assets under free loan include assets given to customers on a free loan basis to use the company's connectivity services and the cost of initially installing them. The cost of initially installing them has a useful life based on the related contract term (mainly 24 months), in case of early withdrawal of the contract the portion not yet depreciated is expensed

These assets continue to be classified as "Assets under construction and payments on account" until they are installed at the customer's premises/residence. After their installation, the cost is reclassified and depreciated.

Depreciation is also calculated on temporarily idle equipment.

When there is an indication of a possible impairment loss on an item of property, plant and equipment, i.e., when there is a significant decrease in the asset's market value, significant technological changes or significant obsolescence, the company compares its carrying amount, regardless of the accumulated depreciation, to the present value of its future cash flows and impairs it where necessary. If the conditions for the recognition of the impairment loss are no longer valid in subsequent years, the loss is reversed up to the carrying amount the asset would have had (net of depreciation) had the impairment loss never been recognised.

(b.4) Impairment losses on non-financial assets

When a non-financial asset shows indication of impairment at the reporting date, the company estimates its recoverable amount, defined as the higher of its value in use and fair value less costs to sell, applying the following definitions:

- Value in use: this is the present value of the future cash flows expected to be derived from an asset or cash-generating unit (CGU). Specifically, the asset will generate cash flows, which will be discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset. The cash flows are determined using internal business plans based on detailed budgets and calculations prepared separately for each asset/cash-generating unit. The budgets do not include the effects of non-recurring transactions (restructurings, sales and acquisitions) and cover a horizon of a maximum of five years.
- Fair value: the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The company uses valuation models based on listed shares, market multiples and other available indicators.

IAS 36 does not require a formal estimate of the recoverable amount if there are no indicators of impairment. The exceptions to this rule are assets that are not yet available for use and goodwill acquired in a business combination, which must be tested for impairment at least once a year and whenever there is an indication of impairment.

When the carrying amount of a non-financial asset is impaired, the company recognises a loss equal to the difference between the asset's carrying amount and its recoverable amount. In addition, at each year end, the company checks whether the reasons for recognising an impairment loss (or reversal thereof) still exist and, if not, estimates the asset's recoverable amount. An impairment loss may be reversed, except in the case of goodwill, if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of impairment losses may not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in prior years. The reversal is recognised through profit or loss.

(c) Leases

At the lease commencement date, the company recognises a right-of-use asset and a lease liability. The right-of-use asset is initially recognised at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The company measures the lease liability at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the company uses its incremental borrowing rate. It usually uses the latter rate. The lease liability is subsequently increased to reflect interest, reduced to reflect the lease payments made and remeasured if there is a change in future lease payments resulting from a change in an index or rate used to determine them, there is a change in the amounts expected to be payable under a residual value guarantee or when the company changes its assessment of an option to purchase the underlying asset, to extend the lease or terminate it.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company's leases that fall under the scope of IFRS 16 mostly relate to:

- physical space to place EOLO equipment for the reception and transmission of radio signals;
- multi-year rights to use fibre optic sections (dark fibre IRU);
- office buildings;
- company cars;
- data centre equipment and other assets (canteen equipment).

The company elected not to recognise a right-of-use asset or lease liability for leases for which the underlying asset is of low value. Therefore, it recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

The company assesses whether a contract is, or contains, a lease under the new definition of IFRS 16, which establishes that a lease is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

It has elected to adopt the practical expedient for company car leases and not to separate non-lease components from lease components and, instead, to account for each lease component and any associated non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability for most of its leases in the statement of financial position. The company recognises right-of-use assets that do not meet the definition of investment property in the specific "Right-of-use assets" caption and the related liability under "Lease liabilities" in the statement of financial position.

The company has estimated the lease term for leases which have an extension option. Its assessment of the reasonable certainty that it will exercise the option affects the estimate of the lease term and, especially, the carrying amount of the lease liability and the right-of-use asset. It measures the right-of-use asset considering the amount of the lease liability adjusted by any lease payments made at or before the date of initial recognition.

The company depreciates the right-of-use asset on a straight-line basis from the commencement date to the end of the lease term, unless the lease transfers title to the underlying asset at the end of the lease term or, given the cost of the right-of-use asset, the company expects to exercise the purchase option. In this case, the company depreciates the right-of-use asset over its useful life determined using the same criteria as per property, plant and equipment.

Any impairment losses on the right-of-use asset are determined and recognised in accordance with IAS 36 - Impairment of assets.

(d) Non-derivative financial assets

Non-derivative financial assets include investments in equity instruments, trade receivables, other assets (other financial assets), financial liabilities, trade payables and other liabilities (other financial liabilities).

All other financial assets and liabilities are initially recognised on the trade date, i.e., when the company becomes a contractual party to the financial instrument.

Except for trade receivables that do not contain a significant financing component, at initial recognition, the company measures a financial asset at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, trade receivables that do not contain a significant financing component are measured at their transaction price.

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the company’s claim to cash flows from specified assets (e.g., non- recourse features).

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(d.1) Trade receivables and other assets

Trade receivables and other assets (other financial assets) are classified as financial assets measured at amortised cost and initially recognised at their transaction cost for trade receivables and their fair value for other assets, which is usually their nominal amount. They are subsequently measured at amortised cost net of any identified impairment losses. The company checks whether the trade receivables are recoverable using the present value of the discounted cash flows. The loss allowance is always equal to the lifetime expected credit losses. The company considers reasonable and supportable information which is relevant and available. This includes quantitative and qualitative information and analyses, based on past experience, of the trade receivables as well as forward-looking information.

(d.2) Current and non-current loans and borrowings

Advances and loans are initially recognised at the fair value of the consideration received, net of directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. They are classified as current or non-current liabilities based on their settlement date.

(d.3) Trade payables and other liabilities

Trade payables and other liabilities (other financial liabilities), with due dates within normal commercial terms, are initially recognised at fair value and subsequently measured at amortised cost.

(e) Derivatives

Derivatives are initially measured at fair value and subsequent changes in fair value are recognised in profit or loss.

The company does not have derivatives designated as hedging instruments.

(f) Cash and cash equivalents

Cash and cash equivalents include cash-in-hand and sight and short-term deposits. In accordance with IAS 7, they are measured at their nominal amount, which equals their fair value.

(g) Share capital and other equity items

Transactions between the company and the owners acting in their capacity as owners may give rise to amounts due to and from owners. The company recognises a financial asset with the owners when the owners have an obligation to the company and a liability when it has an obligation to the owners.

Injections made by owners that do not have to be returned are recognised in the relevant equity item while loans from owners that have to be repaid are recognised under liabilities.

(h) Provisions

The company recognises a provision when it has a present obligation (legal or constructive) as a result of a past event that can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The discount rates do not reflect the risks for which future cash flows have been adjusted.

The company regularly reviews the provisions to reflect changes in the estimate of the costs, the payment/settlement timing and the discount rate. Changes in the estimates are recognised in the same caption of the statement of profit or loss and other comprehensive income as the provision or, when the liability relates to an item of property, plant and equipment, as a balancing entry to the related asset.

Provisions include accruals for future costs of ongoing disputes and the present value of the costs to be incurred to restore land used under lease.

(i) Employee benefits

Defined contribution plans are post-employment benefits where the company, and sometimes its employees, pay fixed contributions into a separate entity (a fund) and the company will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits.

Defined benefit plans are post-employment benefit plans that are not defined contribution plans. Defined benefit plans may be unfunded or they may be wholly or partly funded by the contributions by an entity, and sometimes its employees, into an entity or fund, that is legally separate from the reporting entity and from which the employee benefits are paid. The vested amount is projected into the future to estimate the amount to be paid upon termination of the employment relationship and subsequently discounted to consider the time value of money before effective payment.

Adjustments to the liability for employee benefits are determined using actuarial assumptions, based on demographic and financial variables, recognised on an accruals basis in line with the service necessary to obtain the benefit.

The benefits vested in a year by employees and the interest cost on the amount accrued at the start of the year and any changes during the year are recognised in "Personnel expenses" in profit or loss. The gain or loss arising on the actuarial calculation is recognised in "Actuarial gains (losses)" under other comprehensive income.

The company engages a third party actuary to perform the actuarial valuation. Following the amendments to Italian post-employment benefits ("TFR") by Law no. 296 of 27 December 2006 and subsequent decrees and regulations (the pension reform) issued early in 2007:

- TFR vested up until 31 December 2006 is treated as a defined benefit plan under IAS 19. The benefits earned by employees in the form of post-employment benefits, paid when the employment relationship ends, are recognised over the vesting period;
- TFR accrued after 1 January 2007 is treated as a defined contribution plan and benefits accrued during the year are entirely recognised as a cost, while the benefits not yet paid into the fund are recognised under "Other current liabilities".

(l) Share-based payments

Cash-settled share-based payment plans are part of the remuneration package of the beneficiaries. Therefore, the cost is the fair value of the instruments recognised under "Personnel expenses" over the period from the award date to the settlement date, with an increase in the related liability. The company remeasures the fair value of the liability at each reporting date and at the date of settlement with any changes in fair value recognised in profit or loss.

The cost of the liability is recognised using the same criteria for the liability set out above.

(m) Foreign currency transactions, assets and liabilities

Transactions in foreign currencies are translated into the company's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within financial expense.

(n) Revenue from contracts with customers

The company applies IFRS 15 to recognise revenue from contracts with customers. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

IFRS 15 requires that revenue be recognised using a five-step model:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

(n.1) Performance obligations and revenue recognition criteria

The process underlying the company's recognition of revenue in accordance with IFRS 15 is summarised below:

- the contract is identified when the parties approve the contract and identify their rights and obligations, i.e., when the contract becomes legally binding;
- the duration of the contract with customer has been defined on the basis of the contract term agreed with the customer (mainly 24 months);
- the company has identified a single performance obligation for its connectivity services; it does not account for the performance obligations related to the other services provided with its connectivity services separately, as their separate accounting would not alter how it recognises revenue;
- the transaction price is the amount of consideration in a contract with the customer, including any promotions, covering the entire contract term.
- the company allocates the transaction price to the performance obligation on the basis of the relative stand-alone selling price. Revenue from nonrefundable up-front activation fees, which do not constitute a separate performance obligation and do not convey a material right to customers, is deferred over the contract term;
- the company recognises revenue over time as it satisfies the performance obligation. It usually invoices revenues and collects payment on a two-monthly basis in advance.

Contracts with non-business customers generally provide for advance payment, which is not considered a significant financing component given that advance payment is normal business practice and average payments are usually made over less than 12 months.

(n.2) Incremental costs of obtaining a contract and costs to fulfil a contract

The incremental costs of obtaining a contract, comprising commissions paid to agents and brokers, are recognised in profit or loss over the contract term (24 months).

The costs to fulfil a contract, including the cost of subsequent installations after the initial installation of the radio transceiver at a new customer, are recognised over the contract term (24 months). The costs of initial installation are recognised in "Property, plant and equipment". Should the contract be terminated, the incremental costs of obtaining the contract and the costs to fulfil it are expensed.

(o) Government grants

Government grants are initially recognised at fair value as deferred income if the company is reasonably certain it will receive them and will comply with the attached conditions. They are subsequently recognised as other income on a systematic basis over the useful life of the asset to which they relate.

(p) Personnel expenses

Personnel expenses includes remuneration, social security contributions, accruals for post-employment benefits, other employee benefits, benefits for directors and consultants and other personnel costs (medical check-ups, travel and canteen).

(q) Financial income and expense

Financial income includes interest on invested liquidity, dividends, gains on the sale of available-for-sale financial assets, fair value gains on financial assets at FVTPL, exchange gains and gains on derivatives recognised in profit or loss.

Financial expense includes interest on loans and finance leases, exchange losses, impairment losses on financial assets and losses on derivatives recognised in profit or loss. Borrowing and lease costs are recognised in profit or loss using the effective interest method.

Interest income and expense is recognised in profit or loss on an accruals basis using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(r) Income taxes

(r.1) Current taxes

The company determines its income taxes on the basis of a reasonable estimate of the tax expense determined on an accruals basis under the enacted tax laws. The tax rates and laws applied to calculate the amount are those enacted or substantially enacted by the reporting date. Current taxes that arises from a transaction or event which is recognised outside profit or loss are recognised directly in other comprehensive income and, therefore, in equity, together with the transaction or event to which they refer.

Current tax assets and liabilities are offset only if certain criteria are met.

(r.2) Deferred taxes

Deferred taxes are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the company's business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

(s) New standards

There are no standards that the company has not yet applied or adopted early that could affect it significantly.

The standards endorsed by the EU and applicable to the year ending 31 March 2022 are as follows:

1. Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Standards not yet endorsed by the EU include:

1. IFRS 17 - Insurance contracts;
2. Classification of liabilities as current or non-current (Amendments to IAS 1);
3. Disclosures of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2);
4. Definition of accounting estimates (Amendments to IAS 8);
5. Sale or contribution of assets between an investor and its associates or joint ventures (Amendments to IFRS 16 and IAS 28).

The company is evaluating the possible effect of applying the above standards and amendments.

(t) Measurement of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the company's accounting policies and disclosure obligations require the measurement of fair values for both financial and non-financial assets and liabilities.

When one is available, the company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If the company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

5. Intangible assets

Intangible assets amount to €18,538 thousand, a net increase of €3,315 thousand on 31 March 2020.

The caption and changes therein may be analysed as follows:

€'000	Software and licences	Frequencies	Assets under development and payments on account	Other	Total
Historical cost					
Balance at 31/03/2019	**8,927**	**12,791**	**20**	**3,509**	**25,247**
Increases	3,877	—	2,839	—	**6,715**
including: internal work capitalised	*1,006*	—	—	—	***1,006***
Reclassifications	2,231	—	(2,285)	81	**27***
Balance at 31/03/2020	**15,035**	**12,791**	**573**	**3,590**	**31,989**
Increases	9,601	—	586	936	**11,123**
including: internal work capitalised	*1,576*	—	—	—	***1,576***
Decreases	—	—	—	—	**—**
Reclassifications	716	—	(716)	—	**—**
Balance at 31/03/2021	**25,352**	**12,791**	**443**	**4,526**	**43,112**
Acc. amortisation					
Balance at 31/03/2019	**(4,034)**	**(5,230)**	**—**	**(1,992)**	**(11,256)**
Increases	(3,056)	(1,974)	—	(481)	**(5,511)**
including: internal work capitalised	*(231)*	—	—	—	***(231)***
Decreases	—	—	—	—	**—**
Reclassifications	—	—	—	—	**—**
Balance at 31/03/2020	**(7,090)**	**(7,203)**	**—**	**(2,473)**	**(16,766)**
Increases	(5,323)	(1,974)	—	(511)	**(7,808)**
including: internal work capitalised	*(585)*	—	—	—	***(585)***
Decreases	—	—	—	—	**—**
Reclassifications	—	—	—	—	**—**
Balance at 31/03/2021	**(12,413)**	**(9,177)**	**—**	**(2,984)**	**(24,574)**
Carrying amounts					
31/03/2019	**4,893**	**7,561**	**20**	**1,517**	**13,991**
31/03/2020	**7,945**	**5,587**	**573**	**1,117**	**15,223**
31/03/2021	**12,939**	**3,614**	**443**	**1,542**	**18,538**

* *Reclassified from property, plant and equipment to intangible assets*

"Software and licences" of €12,939 thousand comprise the cost of preliminary analyses and the study, design and development of new technical ICT solutions, such as evolutions of the geographic intelligence system, automation of the marketing and customer journey processes and upgrading of integrations to the big data system.

The costs of the internal development of non-copyrighted application software are recognised under assets under development until the related project has been completed, after which they are reclassified to the appropriate intangible asset caption. At 31 March 2021, these capitalised costs amount to €1,938 thousand (€1,060 thousand at 31 March 2020).

"Frequencies" amount to €3,614 thousand and mostly comprise the costs incurred to purchase the rights to use radio frequencies. They are amortised over the term of the related right.

"Assets under development and payments on account" of €443 thousand mostly relate to uncompleted activities to develop applications.

"Other" of €1,542 thousand mainly consists of costs incurred to purchase IP addresses.

The company has not revalued or impaired intangible assets at 31 March 2021 or at previous year ends.

The statement of cash flows show the increases in intangible assets during the year.

6. Property, plant and equipment

Property, plant and equipment increased by a net €28,666 thousand to €197,778 thousand at year end.

The caption and changes therein may be analysed as follows:

€'000	Land and buildings	Network systems and equipment	Network assets on a free loan basis	Assets under construction and payments on account	Other assets	Total
Historical cost						
Balance at 31/03/2019	**652**	**125,637**	**118,346**	**24,634**	**2,015**	**271,285**
Increases	—	11,344	11,944	47,840	227	**71,356**
including: internal work capitalised	—	*1,342*	—	—	—	***1,342***
Decreases	—	(4,096)	(2,450)	(637)	(206)	**(7,389)**
Reclassifications	—	16,250	31,837	(48,115)	—	**(27)**
Balance at 31/03/2020	**652**	**149,136**	**159,677**	**23,723**	**2,036**	**335,224**
Increases	74	14,660	14,829	62,354	41	**91,958**
including: internal work capitalised	—	*1,487*	—	—	—	***1,487***
Decreases	—	(3,173)	(1,503)	(326)	(42)	**(5,044)**
Reclassifications	—	15,857	43,560	(59,417)	—	**—**
Balance at 31/03/2021	**726**	**176,480**	**216,563**	**26,334**	**2,035**	**422,138**
Acc. depreciation						
Balance at 31/03/2019	**(55)**	**(62,868)**	**(54,652)**	**—**	**(1,214)**	**(118,790)**
Increases	(53)	(21,775)	(28,167)	—	(212)	**(50,207)**
including: internal work capitalised	—	*(143)*	—	—	—	***(143)***
Decreases	—	3,595	2,041	—	99	**5,734**
Balance at 31/03/2020	**(108)**	**(81,048)**	**(80,779)**	**—**	**(1,327)**	**(163,262)**
Increases	(60)	(25,213)	(36,171)	—	(182)	**(61,626)**
including: internal work capitalised	—	*(428)*	—	—	—	***(428)***
Decreases	—	2,541	1,058	—	28	**3,628**
Balance at 31/03/2021	**(168)**	**(103,720)**	**(115,892)**	**—**	**(1,481)**	**(221,260)**
Acc. impairment losses						
31/03/2019	—	(1,085)	—	(1,665)	—	**(2,750)**
31/03/2020	—	(857)	—	(1,993)	—	**(2,850)**
31/03/2021	—	(898)	—	(2,202)	—	**(3,100)**
Carrying amounts						
31/03/2019	**597**	**61,684**	**63,694**	**22,969**	**801**	**149,745**
31/03/2020	**545**	**67,230**	**78,898**	**21,730**	**709**	**169,112**
31/03/2021	**558**	**71,862**	**100,671**	**24,132**	**555**	**197,778**

"Land and buildings" amount to €558 thousand. The caption includes costs of €432 thousand incurred to dismantle infrastructure and restore the site after its discontinuation of its use, when the company has a constructive or legal obligation as per the related lease.

"Network systems and equipment" amount to €71,862 thousand and mainly comprise the costs incurred to purchase transceivers, antennas, servers and other network equipment that the company purchases to develop its network infrastructure.

The caption also includes the personnel expenses of the employees involved in network infrastructure design activities (€2,257 thousand). The company started to capitalise these expenses in 2020 as they mostly refer to activities strictly related to the development of the 28 Ghz network infrastructure.

Obsolete and/or damaged assets included in this caption which the company intends to sell were impaired by €898 thousand at 31 March 2021 (€857 thousand at 31 March 2020).

The company has given its lending banks a special first level lien on its systems and equipment as guarantee for a medium to long-term loan to be used to invest in the broadband wireless TLG network infrastructure.

"Network assets on a free loan basis" of €100,671 thousand includes assets given to customers on a free loan basis to provide them with access to the company's connectivity services.

"Assets under construction and payments on account" amount to €24,132 thousand and mostly consist of antennas for wireless connections that the company has purchased to ensure the ongoing development of its infrastructure. They will be installed with customers on a free loan basis. Obsolete and/or damaged assets included in this caption which the company intends to sell were impaired by €2,202 thousand at 31 March 2021 (€1,993 thousand at 31 March 2020).

The impairment losses on network systems and equipment and network assets on a free loan basis amount to €1,496 thousand and €1,364 thousand in 2020/2021 and 2019/2020, respectively. More information is available in note 30.

"Other assets" amount to €555 thousand and mostly comprise company vehicles and office electronic equipment.

Depreciation is calculated on assets available for use using rates held to reflect their useful economic lives as described in the section on accounting policies.

The company did not revalue its assets at 31 March 2021.

Increases in property, plant and equipment during the year are presented in the statement of cash flows.

7. Right-of-use assets

This caption increased by a net €16,398 thousand to €105,913 thousand at year end.

The caption and changes therein may be analysed as follows:

€'000	Hosting	Fibre optic IRU	Property	Cars	Other	Total
Historical cost						
Balance at 31/03/2019	**60,893**	**17,704**	**14,574**	**2,080**	**1,673**	**96,924**
Increases	13,240	5,425	9	206	476	**19,356**
Decreases	(341)	—	—	—	—	**(341)**
Balance at 31/03/2020	**73,792**	**23,129**	**14,583**	**2,286**	**2,149**	**115,939**
Increases	20,540	7,048	—	1,721	1,029	**30,338**
Decreases	(94)	—	—	—	(77)	**(171)**
Balance at 31/03/2021	**94,238**	**30,177**	**14,583**	**4,007**	**3,101**	**146,106**
Acc. depreciation						
Balance at 31/03/2019	**(10,051)**	**(2,853)**	**(516)**	**(505)**	**(313)**	**(14,238)**
Increases	(9,252)	(1,336)	(703)	(591)	(304)	**(12,186)**
Balance at 31/03/2020	**(19,303)**	**(4,189)**	**(1,219)**	**(1,096)**	**(617)**	**(26,424)**
Increases	(10,235)	(1,781)	(363)	(816)	(671)	**(13,866)**
Decreases	94	—	—	—	3	**97**
Balance at 31/03/2021	**(29,444)**	**(5,970)**	**(1,582)**	**(1,912)**	**(1,285)**	**(40,193)**
Carrying amounts						
31/03/2019	**50,842**	**14,851**	**14,058**	**1,575**	**1,360**	**82,686**
31/03/2020	**54,489**	**18,940**	**13,363**	**1,191**	**1,532**	**89,515**
31/03/2021	**64,794**	**24,207**	**13,001**	**2,095**	**1,816**	**105,913**

"Hosting" mostly includes the cost of contracts to place EOLO equipment for the reception and transmission of radio signals and the regeneration of fibre optic connections in third party sites. The leases have an estimated term of six years.

"Fibre optic IRU" chiefly refer to contracts agreed to obtain multi-year rights to use dark fibre sections. They usually have a term of 15 years and provide for advance payment.

"Property" mostly comprises property leased for office use.

"Cars" include the cost of car lease and hire contracts which mainly have a four year term.

"Other" principally comprises the cost of leasing IT equipment (data centres) and other assets (canteen equipment).

8. Contract costs

€'000	31/03/2021	31/03/2020	Variation
Commissions	10,362	7,783	2,579
Installations	3,653	2,035	1,618
Total	**14,015**	**9,818**	**4,198**

At 31 March 2021, contract costs amount to €14,015 thousand and include costs to fulfil the contract for installations subsequent to the initial installation of the radio transceivers with customers (€3,653 thousand) and costs to obtain a contract for commissions paid to agents to acquire new customers (€10,362 thousand).

These costs are recognised under "Purchases of materials and services" in profit or loss (see note 26).

9. Other financial assets

Other financial assets of €631 thousand at 31 March 2021 include the following equity investments:

	Quota capital	Investment %	Investment amount	Carrying amount of investment
MIX S.r.l. Via Caldera 21 - Milan	1,000,000	15.00%	150,000	179,328
Open Hub Med Società Consortile Via Caldera 21 - Milan	836,061	9.87%	82,482	130,000
Fondazione ITS INCOM Viale Stelvio 173 - Busto Arsizio (Varese)				1,000
Equity investments				**310,328**

The carrying amount of the equity investments did not change from the previous year end.

In addition to the above equity investments, "Other financial assets" are mainly comprised of guarantee deposits for leases and electricity supply contracts (€316 thousand).

10. Deferred tax assets and liabilities

The following table shows deferred tax assets and liabilities, the temporary differences that generated them, the related tax effects and the variation on the previous year as end well as the amounts recognised in profit or loss.

€'000	01/04/2020	Recognised in profit or loss	31/03/2021
Property, plant and equipment	684	60	**744**
Trade receivables and other assets	521	375	**896**
Taxed provisions for agents' termination benefits	17	—	**17**
Membership fees	(31)	(8)	**(39)**
Directors' fees	37	19	**56**
Depreciation and amortisation	1,343	404	**1,747**
Leases	192	—	**192**
Exchange losses	5	26	**31**
Tax losses	323	4,197	**4,520**
IFRS FTA	(1,125)	(27)	**(1,152)**
Total	**1,965**	**5,047**	**7,012**

At the reporting date, the company has unrecognised deferred tax assets of approximately €1.2 million arising on temporary differences.

11. Trade receivables

Trade receivables are presented net of the loss allowance of €4,759 thousand set up for certain losses. The allowance is adequate to cover the expected credit losses.

€'000	31/03/2021	31/03/2020	Variation
Trade receivables	15,344	12,535	2,809
Loss allowance	(4,759)	(3,170)	(1,589)
Total	**10,585**	**9,365**	**1,220**

All the company's customers are Italian and transactions are solely made in Euros.

It does not have any trade receivables due after more than five years.

More information is available in notes 31 and 34.

12. Other assets

This caption comprises:

€'000	31/03/2021	31/03/2020	Variation
Sundry deferred costs	6,070	4,369	1,701
Deferred costs for frequencies	2,727	1,710	1,017
Deferred costs for virtual vouchers	1,360	1,474	(114)
Other	723	119	604
Parent	—	648	(648)
Tax assets	1,230	556	675
Total	**12,111**	**8,876**	**3,234**

"Sundry deferred costs" mainly include the cost of services to be provided in subsequent years, specifically, software maintenance (€1,410 thousand), devices maintenance (€1,069 thousand), connectivity services (€613 thousand) and sundry service activation costs (€608 thousand).

"Deferred costs for virtual vouchers" relate to virtual vouchers recognised in profit or loss when they are used by customers, i.e., when they purchase the connectivity service.

"Other" comprises:

€'000	31/03/2021	31/03/2020	Variation
Advances to suppliers	691	58	633
Payments on account to INAIL (the National Institute for Insurance against Accidents at Work)	20	19	1
Sundry amounts	12	42	(30)
Total	**723**	**119**	**604**

The reduction in "Sundry amounts" at 31 March 2021 is due to the advances given to employees in the previous year.

Amounts due from the parent at 31 March 2020 related to the company's IRES tax losses transferred to Cometa S.p.A. and solely usable by it due to the expiry of the domestic tax consolidation scheme provided for by article 117 and following articles of Presidential decree no. 917/1986 on 31 March 2019.

This amount was reclassified as a tax asset at 31 March 2021 after the transfer (as allowed by article 43-ter of Presidential decree no. 602/73) of part of the excess IRES tax losses recognised by the parent due to its higher payments made.

At 31 March 2021, the tax assets mostly comprise the tax asset for research and development activities (€399 thousand) and the IRES tax asset as per the previous paragraph (€648 thousand).

13. Current tax assets

At 31 March 2021, the caption includes the IRAP (regional tax on productive activities) payment on account of €52 thousand.

14. Cash and cash equivalents

€'000	31/03/2021	31/03/2020	Variation
Bank and postal accounts	15,375	37,765	(22,390)
Cash-in-hand and cash equivalents	3	1	2
Total	**15,378**	**37,766**	**(22,388)**

The balance shows the company's cash and cash equivalents held in current accounts that bear floating interest rates at year end (more information about changes in this caption is provided in the statement of cash flows).

15. Equity

a) Share capital

The company's fully paid-up and subscribed share capital may be analysed as follows:

	No. of shares
Ordinary shares	**5,510,204**

	No. of shares	Investment %
Cometa S.p.A.	2,810,204	51%
SCP ECP UK	2,700,000	49%
Ordinary shares	**5,510,204**	**100%**

b) Share premium

This item includes the premium paid for the capital increase approved by the shareholders in their extraordinary meeting of 22 December 2017 (€25,000 thousand).

c) Reserves

They comprise the legal reserve (€1,309 thousand) and other reserves, which include the extraordinary reserve (€7 thousand), the translation reserve (€173 thousand), negative goodwill (€127 thousand), the FTA reserve (€209 thousand) and the actuarial reserve (€153 thousand).

The legal reserve increased by €158 thousand after the allocation of the profit for 2020 and the actuarial reserve decreased by €161 thousand due to the actuarial losses.

A breakdown of the equity captions by origin, possible use, distribution and utilisation in the previous three years is provided below (article 2427.1.7-bis of the Italian Civil Code):

Key: A capital increase; B to cover losses; C dividends

	Amount	Origin	Possible use	Available portion	To cover losses	Owner transactions	Dividends
Share capital	10,000	5,272 capital injections	B	—	—	—	—
		4,728 allocation of profits	B	—	—	—	—
Share premium	25,000	25,000 capital injections	B	—	—	—	—
Legal reserve	1,309	allocation of profits	B	—	—	—	—
Other reserves:							
Extraordinary reserve	7	allocation of profits	A-B-C	7	—	—	—
Translation reserve	173	net exchange gains	A-B	173	—		
Negative goodwill	127	cancellation	A-B	127	—	—	—
FTA reserve	209	IFRS FTA effects	A-B	209	—	—	—
Actuarial reserve	(153)	actuarial gains (losses)		(153)	—	—	—
Retained earnings	23,483	net prior year profits	A-B-C	23,483	—	—	—
Total				**23,846**			
Non-distributable amount				**509**			
Residual distributable amount				**23,337**			

The non-distributable amount refers to the FTA reserve, the translation reserve and negative goodwill. It includes the loss for the year.

16. Bank loans and borrowings and other current and non-current financial liabilities

Bank loans and borrowings and other financial liabilities amount to €121,454 thousand and show the use of current and non-current credit facilities.

The increase of €1,235 thousand reflects the company's greater need for financial resources which it mostly uses for investments.

A breakdown of the company's indebtedness is as follows:

€'000	31/03/2021	31/03/2020	Variation
Non-current loans			
Loan with final repayment in December 2024, interest rate of Euribor + 2.40% (refinancing)	78,330	82,874	(4,544)
Loan with final repayment in December 2024, interest rate of Euribor + 2.40% (capex)	18,731	8,658	10,073
Shareholder loan with final repayment in January 2025, interest rate of Euribor + 2.90%	10,000	10,000	—
Advances on invoices	2,149	1,210	939
	109,210	**102,742**	**6,468**
of which:			
Current portion	**12,965**	**5,201**	**7,764**
Non-current portion	**96,246**	**97,541**	**(1,295)**
Current loans and borrowings			
Import financing, hot money and revolving credit facilities	11,560	17,413	(5,853)
Advances on invoices	636	—	636
Overdrafts	37	39	(2)
Other financial liabilities	11	25	(14)
	12,244	**17,477**	**(5,233)**
Total	**121,454**	**120,219**	**1,236**

The financing of €145,000 thousand provided by a syndicate of Italian and international banks on 17 December 2019 comprises the following facilities:

- refinancing facility of €85,000 thousand, fully provided at 31 March 2021. The related financial liability amounts to €78,330 thousand at the reporting date;
- capex facility of €50,000 thousand to be used for investments as part of the business plan; during the year, an additional €10,000 thousand was drawn down compared to the previous year end in two instalments on 23 December 2020 and 26 March 2021. The related financial liability amounts to €18,731 thousand at the reporting date;
- revolving credit facility of €10,000 thousand, which has not been used at 31 March 2021.

The financing is secured by collateral on the company's assets (a first level special lien on plant and machinery).

The financial liability is net of €2,839 thousand arising from amortised-cost accounting.

This new non-current financing has a covenant based on the company's leverage ratio (debt/gross operating profit ratio) as set out in the related agreement. Compliance with this covenant is checked twice a year on 31 March and 30 September. It has been complied with at the reporting date.

In addition to the above financing, the company's majority shareholder, Cometa S.p.A., provided it with a €10,000 thousand loan in the previous year. The related agreement includes a subordination clause, whereby this loan is repaid only after the above-mentioned syndicate financing.

The non-current advances on invoices of €2,149 thousand relate to the agreement with De Lage Landen International B.V. to purchase network devices.

For the purposes of the statement of cash flows, the total financing received (€12,417 thousand and €122,616 thousand at 31 March 2021 and 2020, respectively) and repaid (€6,579 thousand and €85,506 thousand, respectively) include the financing agreed and repaid during the year.

17. Lease liabilities

The terms and conditions of the company's lease liabilities of €84,813 thousand are set out below:

€'000	Currency	Nominal rate	Term	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Lease liabilities	€	0.89%-3.98%	2039	93,767	84,813	82,978	71,233
				93,767	**84,813**	**82,978**	**71,233**

18. Derivatives

At the reporting date, this caption shows the derivatives hedging the lease with Intesa Sanpaolo S.p.A. agreed on 26 July 2017, whose changes are summarised below:

€'000	2020/2021	2019/2020
Opening balance	**243**	**1,034**
Utilisations	—	(908)
Fair value losses	—	117
Fair value gains	(40)	—
Closing balance	**203**	**243**

The next table shows the derivatives' notional amount and fair value:

Type of derivative	Interest rate swap
Contract no.	**24295038**
Purpose	hedging
Underlying financial risk	interest rate
Maturity	30/09/2027
Bank	Intesa Sanpaolo
Notional amount at 31 March 2020	6,000
Fair value at 31 March 2020	(243)
Notional amount at 31 March 2021	5,200
Fair value at 31 March 2021	(203)

19. Provisions

The company sets up provisions mostly for possible future costs related to pensions and similar benefits for agents and the director as well as site dismantlement.

Changes in the provisions for pensions and similar benefits are as follows:

€'000	2020/2021	2019/2020
Opening balance	**214**	**179**
Utilisations	(6)	(87)
Accruals	334	122
Closing balance	**542**	**214**

Changes in the provision for site dismantlement costs are as follows:

€'000	2020/2021	2019/2020
Opening balance	**546**	**534**
Utilisations	—	—
Accruals	86	12
Closing balance	**632**	**546**

20. Employee benefits

a) Non-current

The non-current liability for employee benefits comprises post-employment benefits, amounting to €4,583 thousand at the reporting date, which is a net increase of €891 thousand on the previous year end being the balance of utilisations and accruals. It also includes the company's long-term incentive plan (LTIP) of €14,867 thousand at year end (including the related costs), which is €14,321 higher than the 31 March 2020 balance.

These liabilities may be analysed as follows:

€'000	31/03/2021	31/03/2020	Variation
LTIP	14,867	546	14,321
Post-employment benefits	4,583	3,692	891
Total	**19,450**	**4,238**	**15,212**

Changes in the post-employment benefits during the year are shown below:

€'000	2020/2021	2019/2020
Opening balance	**3,692**	**3,060**
Current service cost	925	878
Benefits paid	(234)	(87)
Actuarial losses (gains)	161	(190)
Interest cost	39	31
Closing balance	**4,583**	**3,692**

The main actuarial assumptions are set out in the following table (shown as weighted averages):

	31/03/2021	31/03/2020
Annual discount rate	0.72%	1.42%
Annual inflation rate	0.80%	1.20%
Annual post-employment benefits growth rate	2.10%	2.40%
Annual real salary growth rate	0.50%	0.50%

Should any reasonably possible changes in the actuarial assumptions have taken place at the reporting date, they would not have had a significant impact on the benefits' carrying amounts.

The company introduced a five-year long-term incentive plan (LTIP) on 1 September 2018 for its directors and/or managers and/or key employees.

Under this plan, beneficiaries are awarded a bonus (€2,670 thousand at 31 March 2021) which is included in their remuneration. This bonus is calculated using a multiplier mechanism based on the increase in the company's value compared to a benchmark defined in the plan regulation. In addition, the plan has various payment options (including partial options) including should the company's shares be sold (cash-settled), the company be listed (equity-settled) or upon the benefits' natural maturity date (cash-settled).

The company engaged an external expert to estimate the plan's fair value at the reporting date. This expert applied the relevant valuation criteria and calculated the plan's fair value to be the present value (at each reference date) of the remuneration streams to be paid to the beneficiaries using the binomial model. The expert also considered an estimate of the company's enterprise value at the reporting date compared to the benchmark defined in the plan regulation.

Specifically, the expert calculated the plan's fair value at 31 March 2020 assuming the benefits would be settled at their natural maturity date and using an enterprise value at that date estimated using the discounted cash flow method (WACC of 8.48%) and the 2021-2025 business plan prepared by the company's directors.

The expert's estimate of the plan's fair value at 31 March 2021 considered the directors' assessment of the possible change in ownership in the short term as well as, given the reference context, an enterprise value at the reporting date calculated using a market comparables approach, and the status of the negotiations. As a result, the estimated vesting periods were revised.

The main parameters used to apply this model are summarised below:

	31/03/2021	31/03/2020
Total benefits vested	N/A	€2.41 million
Risk-free rate	N/A	0.03%
Standard deviation	N/A	23.40%
Fair value	**€17.355**	**€ 1.727**

Volatility was calculated as a standard deviation of the monthly share prices over a horizon equal to the holding period before each reference date used for the estimate compared to listed comparable companies.

The expert prepared sensitivity analyses showing that the plan's fair value is sensitive to changes in the estimate of the company's enterprise value at the reference dates.

b) Current

The short-term employee benefits comprise:

€'000	31/03/2021	31/03/2020	Variation
Accrued holidays	2,209	1,800	409
Variable remuneration	1,535	1,326	209
13th and 14th month remuneration	1,477	1,343	134
Closing balance	**5,221**	**4,469**	**752**

21. Other liabilities

a) Non-current

The caption mostly comprises the non-current portion of deferred grants to be obtained for the infrastructure investments covered by the Ministry of Economic Development's calls for proposals (€2,371 thousand and €4,151 thousand at 31 March 2021 and 2020, respectively).

€'000	31/03/2021	31/03/2020	Variation
Deferred income	2,868	4,203	(1,335)
Total	**2,868**	**4,203**	**(1,335)**

b) Current

This caption comprises:

€'000	31/03/2021	31/03/2020	Variation
Advances from inactive customers	2,688	2,515	173
Deferred income—Infratel	2,385	3,000	(615)
Other	2,135	1,444	691
Tax liabilities	1,892	1,042	850
Social security contributions	659	580	79
Other deferred income	250	—	250
Total	**10,009**	**8,581**	**1,428**

"Deferred income—Infratel" includes the current portion of grants to be obtained for infrastructure investments covered by the Ministry of Economic Development's calls for proposals.

"Other" comprises:

€'000	31/03/2021	31/03/2020	Variation
Sundry	1,874	1,270	604
Directors	236	153	83
Supplementary pension plans	25	21	4
Total	**2,135**	**1,444**	**691**

"Sundry" mostly consists of amounts related to ministerial concessions for frequencies (€1,769 thousand at the reporting date).

"Tax liabilities" chiefly comprise VAT of €1,493 thousand and withholdings of €280 thousand on employee remuneration.

"Social security contributions" principally include amounts due to INPS (National Institute for Social Security), INAIL and other social security institutions as shown below:

€'000	31/03/2021	31/03/2020	Variation
INPS	425	371	54
Manager funds	90	78	12
Enasarco (National Institute for Business Agents and Representatives)	68	58	10
Fondo Fon.Te	47	41	6
INAIL	22	26	(4)
Fondo EST	6	5	1
Bilateral bodies	1	1	0
Total	**659**	**580**	**79**

22. Trade payables

€'000	31/03/2021	31/03/2020	Variation
Italian suppliers	44,087	35,947	8,140
EU suppliers	10,811	4,608	6,203
Non-EU suppliers	801	15	786
Credit notes to be received	(237)	(215)	(22)
Total	**55,462**	**40,355**	**15,107**

Trade payables of €55,462 thousand are net of trade discounts and include invoices to be received of €12,667 thousand. They are mostly due to connectivity service and equipment providers and are concentrated with just a few key suppliers.

Credit notes to be received show the amounts charged and deemed not due which the company has accordingly contested with the counterparty, as well as price adjustments granted by the providers of connectivity and related services.

23. Contract liabilities

This caption refers to connectivity services invoiced and paid for in advance but not yet provided.

A breakdown of this caption is as follows:

€'000	31/03/2021	31/03/2020	Variation
Wireless services	31,205	27,563	3,642
Sundry services	125	56	69
Wired services	47	20	27
Total	**31,377**	**27,639**	**3,738**

24. Revenue and other income

€'000	2020/2021	2019/2020	Variation
Revenue	187,435	156,226	31,209
Other income	4,441	4,391	50
Total	**191,876**	**160,617**	**31,259**

Revenue refers to the rendering of connectivity services. More information about the company's products is available in the table below.

All revenue is earned with Italian customers in Euros.

Other income mostly consists of deferred income for grants to be obtained for infrastructure investments covered by the Ministry of Economic Development's calls for proposals (€2,385 thousand and €3,050 thousand in 2020/2021 and 2019/2020, respectively) and tax assets for research and development activities (€302 thousand and €332 thousand in 2020/2021 and 2019/2020, respectively).

Disaggregation of revenue from contracts with customers

No debt or equity instruments of Eolo are traded in a public market, nor is Eolo in the process of filing its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market, consequently IFRS 8 on segment reporting is not applicable.

The following table shows revenue from contracts with customers broken down by geographical segment, business segment:

€'000	2020/2021	2019/2020	Variation
Geographical segment			
Italy	187,435	156,226	31,209
	187,435	**156,226**	**31,209**
Business segment			
Wireless	186,477	154,994	31,483
Wired	570	907	(337)
Other services	388	325	63
	187,435	**156,226**	**31,209**
Other revenue	**4,441**	**4,391**	**50**
Total	**191,876**	**160,617**	**31,259**

25. Internal work capitalised

Internal work capitalised of €3,063 thousand relates to network design (€1,487 thousand) and the development of application software (€1,576 thousand) compared to a total of €2,348 thousand for the previous year made up of €1,342 thousand for network design and €1,006 thousand for the development of application software.

More information is available in notes 5 and 6.

26. Purchases of materials and services

This caption includes the cost of:

€'000	2020/2021	2019/2020	Variation
Marketing & Sales	29,508	22,685	6,823
Installations & Maintenance	15,909	10,215	5,694
Other	11,875	9,296	2,579
Connectivity services	9,394	8,870	524
Licences/Ministerial concessions	4,520	3,513	1,007
Bank fees	1,890	2,439	(549)
POP and related costs	1,579	1,299	279
Directors' fees	1,141	785	356
Materials	757	701	56
Statutory auditors' fees	55	55	—
Total	**76,628**	**59,857**	**16,771**

The increase on the previous year is due to the company's greater business volumes and higher revenue. It mostly refers to the cost of Installations & Maintenance and Marketing & Sales, which include the cost of commissions paid to agents and representatives.

The increase in marketing costs in particular is due to the new advertising campaign launched during the year.

Costs to obtain and fulfil contracts amount to €14,543 thousand and €10,300 thousand for the reporting and previous years, respectively.

27. Personnel expenses

This caption of €38,930 thousand comprises additional months' remuneration, accrued holidays, reduced working hours and related costs as well as post-employment benefits. It may be analysed as follows:

€'000	2020/2021	2019/2020	Variation
Wages and salaries	17,989	16,362	1,627
Employee benefits	15,565	1,590	13,975
Social security contributions	5,326	4,741	585
Other expenses	50	49	1
Total	**38,930**	**22,743**	**16,187**

The company's average workforce numbers 473, an increase of 28 on the previous year.

Note 20 provides more information about employee benefits.

28. Other operating costs

Other operating costs amount to €1,667 thousand and mostly comprise prior year expense of €333 thousand, sector association membership fees of €307 thousand, VAT on self-invoices for gifts (€304 thousand) and the substitute tax of €262 thousand linked to the first-time adoption of the IFRS (alignment of previous year transactions as per article 15 of Decree law no. 185/2008).

29. Depreciation and amortisation

This caption of €83,300 thousand comprises depreciation of property, plant and equipment of €61,626 thousand, amortisation of intangible assets of €7,808 thousand and depreciation of right-of-use assets of €13,866 thousand. More information is available in notes 5, 6 and 7.

30. Impairment losses on non-current assets

This caption amounts to €1,496 thousand (€1,364 thousand for 2019/2020) and includes impairment losses on property, plant and equipment, mostly due to their technological obsolescence.

31. Impairment losses on trade receivables and other financial assets

This caption of €1,730 thousand (€1,268 thousand for 2019/2020) includes accruals for credit losses.

More information is available in note 34.

32. Net financial expense

Financial income and expense are as follows:

€'000	2020/2021	2019/2020	Variation
Financial income	662	337	325
Financial expense	(6,855)	(5,287)	(1,568)
Net financial expense	**(6,193)**	**(4,950)**	**(1,243)**

Financial income is mostly comprised of exchange gains amounting to €622 thousand (€336 thousand for the previous year).

Financial expense includes interest expense on loans of €2,871 thousand (€2,232 thousand for the previous year), interest expense on leases of €2,594 thousand (€2,552 thousand for the previous year) and exchange losses of €678 thousand (€283 thousand for the previous year).

33. Income taxes

This caption may be analysed as follows:

€'000	2020/2021	2019/2020	Variation
Current taxes			
Current taxes	214	280	(66)
Changes in estimates related to prior years	—	—	—
Deferred taxes			
Origination and reversal of temporary differences	(850)	(360)	(490)
Recognition for tax losses	(4,197)	(323)	(3,874)
Recognition (reversal) of deductible temporary differences not recognised in previous years	—	—	—
Total	**(4,833)**	**(403)**	**(4,430)**

A reconciliation between the effective and theoretical tax expense is as follows:

€'000		**2020/2021**	**2019/2020**
Profit (loss) before tax		**(15,006)**	**2,768**
Theoretical tax benefit (expense) calculated using enacted rates	24%	*3,601*	*(664)*
Effect of:			
- IRAP		(214)	(280)
- Deductible temporary differences		243	212
- Taxable temporary differences		(1,120)	(806)
- Deductible permanent differences		1,846	2,318
- Taxable permanent differences		(793)	(736)
Total current tax expense		(214)	(280)
- Change in deferred tax assets on tax losses		4,197	323
- IFRS FTA		(27)	(234)
- Effective tax expense			
- Current taxes	1.4%	(214)	(280)
- Net deferred tax rate/expense	33.6%	5,047	683
Total effective tax expense		**4,833**	**403**
Effective tax rate/expense	**14.6%**	**4,833**	**403**

34. Financial instruments—Fair values and risk management

The following table shows the carrying amount and fair value of financial assets and liabilities:

	31/03/2021		**31/03/2020**	
€'000	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Other financial assets	631	631	617	617
Trade receivables	10,585	10,585	9,365	9,365
Other assets	12,164	12,164	8,875	8,875
Cash and cash equivalents	15,378	15,378	37,766	37,766
Non-derivative financial assets	**38,757**	**38,757**	**56,623**	**56,623**
Loans	96,246	96,246	97,541	97,541
Bank loans and borrowings	25,208	25,208	22,678	22,678
Trade payables	55,462	55,462	40,355	40,355
Other liabilities	70,099	70,099	49,890	49,890
Non-derivative financial liabilities	**247,015**	**247,015**	**210,464**	**210,464**
Derivatives	203	203	243	243
Derivative financial liabilities	**203**	**203**	**243**	**243**
Lease liabilities	84,813	84,813	71,233	71,233
Lease liabilities	**84,813**	**84,813**	**71,233**	**71,233**

The company uses the following methods and main assumptions to determine the fair value of financial instruments:

- non-derivative financial assets: their fair value is estimated using the expected cash flows discounted at the reporting-date market interest rate. Their fair value is the same as their carrying amount as it is already net of impairment losses;
- loans and bank loans and borrowings: they bear floating interest rates and, therefore, there are no significant differences between their carrying amount and fair value, also because they are presented net of the related cost;
- trade payables and other liabilities: their fair value is estimated using the expected cash flows discounted at the reporting-date market interest rate. Their carrying amount is a reasonable approximation of their fair value;

- derivative financial liabilities: their fair value equals the present value of the expected cash flows estimated using observable market parameters, compared to the prices of the counterparty financial intermediary.

Fair value hierarchy

There are three levels:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and if there is no principal market, the most advantageous market for the asset or liability shall be identified;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Instruments included in Level 2 are assets and liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals;
- Level 3: inputs that are unobservable for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that Level 2 inputs are not available.

Derivative financial liabilities are recognised at Level 2 fair value. The carrying amount of the company's other financial assets and liabilities, calculated as described above, is a reasonably approximation of their fair value.

Financial risk management

The company has exposure to the following risks arising from financial instruments:

- market risk: interest rate risk and currency risk;
- liquidity risk;
- credit risk.

The company's board of directors has overall responsibility for its risk appetite and risk appetite framework.

The company's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Interest rate risk

The risk of adverse changes in interest rates on the currency markets mostly relates to the non-current credit facilities agreed in the previous year.

The related agreement establishes an interest rate equal to the 3-month EURIBOR for the drawn-down amounts.

Given the type of credit facilities and market trends, the company has not deemed it necessary to enter into hedges to mitigate or eliminate this risk.

It is not obliged to do so under the terms of the loan agreements.

The following table shows only financial liabilities with floating interest rates, using the same classification as that of note 16:

€'000	31/03/2021	31/03/2020	Variation
Non-current loans			
Loan with final repayment in December 2024, interest rate of Euribor + 2.40% (refinancing)	78,330	82,874	(4,544)
Loan with final repayment in December 2024, interest rate of Euribor + 2.40% (capex)	18,731	8,658	10,073
Shareholder loan with final repayment in January 2025, interest rate of Euribor + 2.90%	10,000	10,000	—
Current loans and borrowings	2,646	865	1,781
Total floating rate financial liabilities	**109,707**	**102,397**	**7,310**

Had the interest rates been 1% higher at the reporting date, the company's equity and loss for the year would have been respectively lower or higher, net of the related tax, by approximately €1 million. Moreover, the company has not considered potential extreme circumstances that cannot reasonably be foreseen.

The company does not measure any financial assets or liabilities at fair value through profit or loss (FVTPL) nor does it designate derivatives as fair value hedges.

Currency risk

Trade receivables are not exposed to currency risk as the related transactions solely take place in Euros.

While the company undertakes transactions with suppliers in foreign currency, the amounts involved are immaterial and, therefore, it is not significantly exposed to currency risk for its trade payables.

The company's exposure to currency risk is as follows:

	31/03/2021		31/03/2020	
€'000	€	USD	€	USD
Trade payables	**4,141**	**4,855**	**1,310**	**1,436**

The following main exchange rates have been applied:

	Average annual rate		Closing rate	
	2020/2021	2019/2020	31/03/2021	31/03/2020
USD	1.1686	1.1112	1.1725	1.0956

Had the above currencies appreciated or depreciated by 10%, the company's equity and loss for the year would have increased/decreased by approximately €415 thousand, net of the related tax. This sensitivity analyses assumes that all the other variables, specifically interest rates, would not change and it does not consider the effect of planned sales and purchases.

Liquidity risk

Cash flows generated by operating activities are held in the company's current accounts with major banks and possibly invested in low-risk short-term instruments, whose yield is linked to changes in interest rates.

The treasury department closely monitors the company's net financial position to manage and optimise its commitments with suppliers and banks.

The company manages its liquidity effectively by using the most suitable sources of funding for its needs.

The unused available credit facilities at 31 March 2021 are:

- capex facility: €30,000 thousand available upon request depending on the company's need to make investments to achieve its business plan;

- revolving facility: €10,000 thousand to temporarily meet liquidity requirements;
- advances of €9,098 thousand on SDD collections. The advances are available before the bank has checked collection;
- import financing of €190 thousand. The bank pays the foreign supplier upon receipt of the invoice in Euros or foreign currency in advance;
- short-term loans of €500 thousand to cover temporary liquidity requirements.

In addition to the above facilities, the banks have provided guarantees for a total of €6,262 thousand at the reporting date, including €5,000 thousand to Intracom S.A. for the purchase of radio antennas.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

31/03/2020

€'000	Carrying amount	Contractual cash flows Total	within one year	2–5 years	after 5 years
Non-derivative financial liabilities					
Loans	97,541	112,919	7,017	105,902	—
Other bank loans and borrowings	22,678	22,678	22,678	—	—
Trade payables	40,355	44,628	44,628	—	—
Other liabilities	49,890	49,890	40,689	4,747	4,454
	210,464	**230,115**	**115,012**	**110,649**	**4,454**
Derivative financial liabilities					
Derivatives	243	243	—	—	243
	243	**243**	**—**	**—**	**243**
Lease liabilities					
Lease liabilities	71,233	78,705	17,661	43,683	17,361
	71,233	**78,705**	**17,661**	**43,683**	**17,361**

31/03/2021

€'000	Carrying amount	Contractual cash flows Total	within one year	2–5 years	after 5 years
Non-derivative financial liabilities					
Loans	96,246	120,107	16,375	103,732	—
Other bank loans and borrowings	25,208	25,208	25,208	—	—
Trade payables	55,462	55,462	55,462	—	—
Other liabilities	70,099	70,099	46,607	17,735	5,757
	247,015	**270,877**	**143,651**	**121,467**	**5,757**
Derivative financial liabilities					
Derivatives	203	203	—	—	203
	203	**203**	**—**	**—**	**203**
Lease liabilities					
Lease liabilities	84,813	93,767	26,754	46,854	20,159
	84,813	**93,767**	**26,754**	**46,854**	**20,159**

Cash inflows and outflows shown in the above table reflect the contractual cash flows and undiscounted interest of derivative financial liabilities held for risk management purposes, which are not usually extinguished before the related contract expires.

Interest to be paid on floating rate loans shown in the table is calculated using reporting-date market rates, which may fluctuate. Future cash flows of contingent consideration and derivatives could differ from the amounts presented above if the interest or exchange rates or the conditions of the underlying change.

Excluding these financial liabilities, the cash flows are not expected to take place before the expected date or for significantly different amounts.

Credit risk

Credit risk related to non-business customers is minimal as payments are made in advance. With respect to business customers, the company checks its trade receivables at each reporting date to identify any objective evidence of impairment due to events that have taken place since their initial recognition. It considers whether the customer has significant financial difficulties, demonstrated by its inability to make payments or the possible commencement of court-approved creditors settlement procedures. The loss allowance always matches the trade receivables' expected lifetime losses.

All the trade receivables are due from Italian customers.

There is no significant concentrations with single customers.

Impairment

The company has a loss allowance to cover estimated losses on trade receivables and other assets, which it tests for impairment individually (when the amounts involved are significant) or collectively (on groups of similar assets for unidentified losses). Trade receivables are broken down by ageing bracket in the following table:

€'000	31/03/2021 Carrying amount	31/03/2020 Carrying amount
Not yet due	6,427	5,484
0 - 60 days past due	2,145	1,815
61 - 180 days past due	1,020	740
181 - 360 days past due	845	1,211
> 360 days past due	4,907	3,285
Total	**15,344**	**12,535**

The loss allowance of €4,759 thousand at 31 March 2021 (€3,170 thousand at 31 March 2020) mostly refers to trade receivables past due by more than 360 days, net of payments on account received from the same customers.

Changes in the loss allowance for trade receivables are shown below:

€'000	31/03/2021	31/03/2020
Opening balance	**3,170**	**2,090**
Utilisations	(141)	(188)
Accruals	1,730	1,268
Closing balance	**4,759**	**3,170**

The company checks whether the trade receivables are recoverable based on the present value of the discounted cash flows. The loss allowance is always equal to the lifetime expected credit losses. The company considers reasonable and supportable information which is relevant and available. This includes quantitative and qualitative information and analyses, based on past experience, of the trade receivables as well as forward-looking information.

The company regularly checks its exposure to credit risk arising from trade receivables and takes suitable mitigation actions when necessary. Specifically, its policies provide that it sends reminders or collection notices for past-due receivables. These actions are considered when calculating the loss allowance.

The loss allowance for cash and cash equivalents is measured at an amount equal to 12-month expected losses. These impairment losses are calculated on short-term exposures. The company considers the credit risk related to its cash and cash equivalents to be low given its banks' credit ratings. It has not recognised impairment losses on other non-derivative financial assets (trade receivables) during the year.

The loss allowance covers impairment losses on trade receivables and other non-derivative financial assets. However, if it is certain it will not recover the outstanding amount, the related non-derivative financial asset is accordingly impaired directly.

35. Related parties

The company's related parties are its key management personnel, its parent and other related parties as defined below.

The tables show the total balances for related party transactions performed in 2019/2020 and 2020/2021.

Key management personnel's remuneration

The remuneration of the directors and key management personnel is shown below:

€'000	31/03/2021	31/03/2020	Variation
LTIP	14,321	378	13,943
Short-term employee benefits	1,724	1,657	67
Directors' fees	1,141	785	356
Termination benefits	88	78	10
Total	**17,274**	**2,898**	**14,376**

In addition to their salaries, the company provides key management personnel with post-employment benefits and a long-term incentive plan (LTIP).

Transactions with the parent and other related parties

Transactions with the parent and other related parties, identified using the criteria set out in IAS 24 - Related party disclosures, are mostly of a trading nature.

The other related parties are mainly companies of the ELMEC Group and Searchlight Capital Partners EPC UK Limited.

The table below shows transactions performed with the parent and other related parties in 2020/2021 and 2019/2020. The terms and conditions of these transactions were not more favourable than those available, or which might reasonably be expected to be available, in similar transactions with third parties on an arm's length basis.

€'000	31/03/2021	
	Parent	Other related parties
Intangible assets	—	319
Property, plant and equipment	—	710
Right-of-use assets	—	1,358
Trade receivables	—	69
Other assets	—	—
Bank loans and borrowings and other financial liabilities	10,000	—
Lease liabilities	—	1,277
Trade payables	—	1,919
Other liabilities	60	—
Revenue	—	2,532
Purchases of materials and services	—	1,187
Financial expense	290	—

€'000	31/03/2020	
	Parent	Other related parties
Intangible assets	—	40
Property, plant and equipment	—	115
Right-of-use assets	—	475
Trade receivables	—	6
Other assets	648	—
Bank loans and borrowings and other financial liabilities	10,000	—
Lease liabilities	—	419
Trade payables	—	737
Other liabilities	60	—
Revenue	—	2,282
Purchases of materials and services	—	958
Financial expense	60	—

At 31 March 2021, transactions with the parent include the shareholder loan of €10 million.

At the same date, transactions with other related parties mostly relate to the sale of connectivity services, the lease for the data centre and the purchase of IT materials, devices and software licences from and to the ELMEC Group companies.

36. Directors' and statutory auditors' fees

Fees paid to the directors and statutory auditors, included in the remuneration of the key management personnel presented in the section on related parties, are as follows:

€'000	2020/2021	2019/2020	Variation
Directors	1,141	785	356
Statutory auditors	55	55	(0)
Total	**1,196**	**840**	**356**

37. Contingent liabilities

The company and some of its employees are involved in an ongoing criminal proceeding with respect to the liability of entities under Legislative decree no. 231/2001. The proceeding started with a report filed by a competitor, Linkem S.p.A., on 14 October 2016, alleging the unauthorised use of radio frequencies, and hence the allegations are theft (article 624.2 of the Criminal Code), fraud (article 640.2.1 of the Criminal Code) and disruption of the freedom of trade or industry (article 513 of the Criminal Code). The latter allegation has been dismissed and, on 25 January 2021, the public prosecutor requested that the other two allegations of involvement in crimes as per article 110 of the Criminal Code be dismissed.

On 15 February 2021, Linkem S.p.A. appealed as per article 410 of the Criminal Code against the dismissal application. At the date of preparation of this report, a date for the hearing before the preliminary investigation judge of the Busto Arsizio Court has not been set.

Based on its internal checks and its legal counsel's advice, the company does not deem that probable risks currently exist that would require it to set up a specific provision.

38. Government grants

Pursuant to Law no. 124/2017 and the related simplification introduced by article 3-quater.2 of Decree law no. 135/2018, it is noted that the company received public assistance as recorded in the national state aid register.

39. Events after the reporting date

There were no subsequent events.

*** *** ***

On behalf of the board of directors
Chairman

Luca Spada

KPMG

EOLO S.p.A.

Financial statements as at 31 March 2020

(with independent auditors' report thereon)

KPMG S.p.A.

19 October 2020

KPMG S.p.A.
Revisione e organizzazione contabile
Corso Matteotti, 1
21100 VARESE VA
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Independent auditors' report

To the shareholders of
EOLO S.p.A.

Opinion

We have audited the financial statements of EOLO S.p.A. (the "company"), which comprise the statement of financial position as at 31 March 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of EOLO S.p.A. as at 31 March 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed 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 "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters - Comparative figures

The financial statements present the corresponding prior year figures for comparative purposes prepared in accordance with the International Financial Reporting Standards endorsed by the European Union. These figures have been derived from the financial statements at 31 March 2019 prepared in conformity with the Italian regulations governing their preparation. Note 41 presents the effects of the transition to the IFRS endorsed by the European Union and the reconciliation schedules required by IFRS 1.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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Other matters - Management and coordination

As required by the law, the company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own financial statements. Our opinion on the financial statements of EOLO S.p.A. does not extend to such data.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit.
We also:

— identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Varese, 19 October 2020

KPMG S.p.A.

Paolo Rota
Director of Audit

Varese company registration no. 02487230126

REA no. 339475

Registered office at Via Gran San Bernardo 12
21052 Busto Arsizio (VA)

Fully paid-up share capital €10,000,000.00

Financial statements as at and for the year ended 31 March 2020

EOLO S.p.A.
Financial statements
at 31 March 2020

Statement of financial position

(€)

	Note	31/03/2020	31/03/2019	01/04/2018
Assets				
Intangible assets	5	15,222,766	13,991,100	12,607,684
Property, plant and equipment	6	169,111,627	149,744,944	117,574,241
Right-of-use assets	7	89,515,314	82,686,027	67,879,953
Contract costs	8	9,817,623	4,593,658	3,061,759
Other financial assets	9	616,879	464,689	537,847
Deferred tax assets	10	1,965,287	1,930,182	—
Non-current assets		**286,249,496**	**253,410,600**	**201,661,483**
Trade receivables	11	9,364,996	9,820,657	8,893,239
Other assets	12	8,875,419	11,269,478	17,419,812
Current tax assets	13	—	175,183	—
Cash and cash equivalents	14	37,765,629	12,380,155	7,539,429
Current assets		**56,006,043**	**33,645,473**	**33,852,480**
Total assets		**342,255,540**	**287,056,073**	**235,513,963**
Equity				
Share capital	15	10,000,000	10,000,000	10,000,000
Share premium	15	25,000,000	25,000,000	25,000,000
Legal reserve	15	1,150,402	1,008,641	642,947
Other reserves	15	524,140	334,226	515,698
Profit (loss) for the year	15	3,170,603	(522,260)	7,313,889
Retained earnings	15	20,471,379	21,135,400	14,187,205
Total equity		**60,316,525**	**56,956,008**	**57,659,739**
Liabilities				
Bank loans and borrowings and other financial liabilities	16	97,540,630	59,322,928	39,711,649
Lease liabilities	17	52,212,249	49,085,060	37,991,765
Derivatives	18	242,831	1,034,070	436,289
Provisions	19	760,332	739,056	722,832
Employee benefits	20	4,237,920	3,228,199	2,341,907
Other liabilities	21	4,203,064	7,212,904	10,695,865
Deferred tax liabilities	10	—	—	395,085
Non-current liabilities		**159,197,026**	**120,622,217**	**92,295,391**
Bank loans and borrowings and other financial liabilities	16	22,678,242	19,053,194	6,385,548
Lease liabilities	17	19,020,349	13,558,981	9,720,475
Trade payables	22	40,354,711	40,409,046	36,173,690
Contract liabilities	23	27,639,289	23,899,475	20,176,568
Employee benefits	20	4,468,509	3,781,292	3,043,529
Other liabilities	21	8,580,889	8,775,861	7,611,415
Current tax liabilities	24	—	—	2,447,607
Current liabilities		**122,741,989**	**109,477,848**	**85,558,832**
Total liabilities		**281,939,015**	**230,100,065**	**177,854,224**
Total liabilities and equity		**342,255,540**	**287,056,073**	**235,513,963**

The accompanying notes are an integral part of this financial statement

Statement of profit or loss and other comprehensive income

(€)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue	25	156,226,034	124,654,313
Other income	25	4,390,895	5,126,727
Internal work capitalised	26	2,347,825	362,521
Purchases of materials and services	27	(59,857,405)	(48,913,644)
Personnel expenses	28	(22,742,914)	(19,436,038)
Other operating costs	29	(2,110,703)	(1,068,249)
Depreciation and amortisation	30	(67,903,767)	(54,706,947)
Impairment losses on non-current assets	31	(1,363,913)	(2,252,872)
Impaiment losses on trade receivables and other financial assets	32	(1,268,284)	(1,513,746)
Operating profit		**7,717,769**	**2,252,066**
Financial income	33	337,322	312,439
Financial expense	33	(5,287,180)	(5,132,309)
Net financial expense		**(4,949,858)**	**(4,819,870)**
Profit (loss) before tax		**2,767,911**	**(2,567,804)**
Income taxes	34	402,692	2,045,544
Profit (loss) for the year		**3,170,603**	**(522,260)**
Other comprehensive income			
Items that will not be reclassified to profit or loss		**189,914**	**(181,472)**
Net actuarial gains (losses) on defined benefit plans		189,914	(181,472)
Items that are or may be reclassified to profit or loss		**—**	**—**
Other comprehensive income (expense) for the period, net of tax		**189,914**	**(181,472)**
Comprehensive income (expense)		**3,360,517**	**(703,732)**

The accompanying notes are an integral part of this financial statement

Statement of changes in equity

(€'000)

€'000	Share capital	Share premium	Legal reserve	Extraordinary reserve	Translation reserve	Negative goodwill	FTA reserve	Actuarial reserve	Retained earnings	Profit (loss) for the year	Total
At 31 March 2018	**10,000**	**25,000**	**643**	**7**	**173**	**127**	**209**	**—**	**14,187**	**(7,314)**	**57,660**
Allocation of profit for year ended March 31, 2018 (shareholders' resolution of 26 July 2018)	—	—	365	—	—	—	—	—	6,949	(7,314)	—
Other comprehensive expense, net of tax	—	—	—	—	—	—	—	(181)	—	—	(181)
Loss for the year	—	—	—	—	—	—	—	—	—	(522)	(522)
At 31 March 2019	**10,000**	**25,000**	**1,008**	**7**	**173**	**127**	**209**	**(181)**	**21,135**	**(522)**	**56,956**
Allocation of profit for year ended March 31, 2019 (shareholders' resolution of 26 July 2019)	—	—	142	—	—	—	—	—	2,693	(2,835)	—
IFRS adjustments to loss for year ended March 31, 2019	—	—	—	—	—	—	—	—	(3,357)	3,357	—
Profit for the year	—	—	—	—	—	—	—	—	—	3,171	3,171
Other comprehensive income, net of tax	—	—	—	—	—	—	—	189	—	—	189
At 31 March 2020	**10,000**	**25,000**	**1,150**	**7**	**173**	**127**	**209**	**8**	**20,471**	**3,171**	**60,317**

The accompanying notes are an integral part of this financial statement

Statement of cash flows

(€)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Cash flows from operating activities			
Profit (loss) for the year		3,170,603	(522,260)
Adjustments for:			
Depreciation of property, plant and equipment	30	50,206,676	40,009,755
Amortisation of intangible assets	30	5,510,749	3,892,424
Depreciation of right-of-use assets	30	12,186,342	10,804,768
Gains on the sale of non-current assets		(25,128)	(66,421)
Impairment losses on property, plant and equipment	31	1,363,913	2,252,872
Share-based payments	28	378,143	167,781
Net financial expense	33	4,949,858	4,819,870
Income taxes	34	(402,692)	(2,045,544)
Changes in:			
Contract costs	8	(5,223,965)	(1,531,899)
Trade receivables and other assets		1,793,748	(1,563,099)
Trade payables and other liabilities		4,241,131	(3,566,359)
Contract liabilities	23	3,739,814	3,722,906
Provisions for risks and charges		21,276	16,224
Employee benefits	20	1,613,251	1,459,714
Cash flows generated by operating activities		**83,523,720**	**57,850,731**
Income taxes paid		(107,895)	(830,731)
Utilisation of provisions		(104,541)	(184,911)
Net cash flows generated by operating activities		**83,311,283**	**56,835,089**
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(77,561,320)	(73,251,605)
Proceeds from sale of property, plant and equipment	6	110,793	163,777
Acquisition of intangible assets	5	(7,930,681)	(4,264,283)
Acquisition of financial assets	9	(198,965)	73,158
Proceeds from sale of financial assets	9	46,774	—
Receipt of Ministry of Economic Development grants	12	1,986,360	7,556,925
Net cash flows used in investing activities		**(83,547,040)**	**(69,722,027)**
Cash flows from financing activities			
Interest paid	33	(4,365,926)	(2,942,109)
Increase in current financial liabilities	16	8,124,192	5,022,285
Payment of transaction costs related to loans and borrowings	16	(3,626,150)	—
Proceeds from loans and borrowings	16	122,616,262	29,000,000
Repayment of loans and borrowings	16	(85,505,986)	(1,947,751)
Payment of lease liabilities		(10,713,163)	(11,404,759)
Proceeds (payments) from settlement of derivatives	18	(908,000)	—
Net cash flows from financing activities		**25,621,230**	**17,727,665**
Net increase in cash and cash equivalents		**25,385,474**	**4,840,727**
Opening cash and cash equivalents	14	12,380,155	7,539,429
Closing cash and cash equivalents	14	37,765,629	12,380,155
Increase in cash and cash equivalents		**25,385,474**	**4,840,727**

The accompanying notes are an integral part of this financial statement

Notes to the financial statements as at and for the year ended 31 March 2020

Introduction

On 20 April 2020, the company's board of directors resolved that the company's financial statements would be drawn up under the International Financial Reporting Standards ("IFRS") and related interpretations (IFRIC) endorsed by the European Union at that date and the measures issued to implement article 9 of Legislative decree no. 38/2005 starting from those as at and for the yaer ended 31 March 2020.

The last set of financial statements prepared in accordance with the Italian financial reporting standards ("OIC") was at 31 March 2019.

1. Business

EOLO S.p.A. ("EOLO" or the "company") is a national telecommunications operator and market leader in the supply of ultra-broadband FWA (fixed wireless access) services to the residential, business and wholesale sectors.

Set up in 1999 in Varese as NGI, the company's core business is the supply of wireless connectivity services. In 2007, it developed a wireless broadband internet access service marketed under the "EOLO" brand (which then became the company's name in 2016).

At the forefront of the search for innovative technological solutions to eliminate the digital divide, EOLO's mission is to guarantee the right to connectivity focusing on the individual in order to improve their quality of life and create value for businesses.

EOLO provides its services using its proprietary TLC infrastructure comprising fibre optic and radio transmission nodes located throughout Italy. Its network is developed in northern and central Italy while a massive investment plan was rolled out in 2019 to expand intensively into southern Italy.

At 31 March 2020, EOLO has 452 employees based in its headquarters in Busto Arsizio (Varese), located in a 20,000 square metre campus with offices, research labs, a logistics hub, conference centre, internal canteen and recreational areas, and its operating offices in Rome and Padua.

The company, complied with the guidelines provided by the government and competent authorities in order to deal with Covid-19 epidemiological emergency.

In order to guarantee its ability to ensure business continuity, the company kept its employees and consultants up to date with any new information and urged its eomployees to work from home when possible while concurrently safeguarding those employees who continued to come into work as it was impossible for them to work remotely.

Except as indicated above, no other significant impact on operations due to Covid-19 occurred. Starting from 1 April, EOLO has provided all its employees at the head office and those engaged in network maintenance work around the country with personal protective equipment (PPE).

It also revisited its safety measures and to update its Covid-19 protocol ("Common protocol of measures to contain and curb the diffusion of Covid-19 in work environments") about the office capacity, body temperature scanning, shifts, sanitisation of common areas and canteen management.

2. Ownership and group membership

Since 22 December 2017, EOLO has been 51% owned by Cometa S.p.A., registered office at Via Gan San Bernardo 12, Busto Arsizio (Varese), tax code: 07674300962, fully paid-up share capital of €10,000,000, and 49% by Searchlight Capital Partners EPC UK Limited, registered office at
Conduit Street 56, London, VAT no. GB277722276.

EOLO is controlled by Cometa S.p.A., which prepares consolidated financial statements of the largest group of which the company is a member as Cometa's subsidiary. These consolidated financial statements will be filed with the reports of the directors and statutory auditors with the Company Registrar.

The ultimate parent is Skylink S.p.A., registered office at Via Morazzone 5, Varese (Varese), tax code 03260070127, fully paid-up share capital of €100,000, which owns 55% of Cometa S.p.A

The following table presents the key figures at 31 March 2019 of EOLO's parent which manages and coordinates it. They are taken from its most recently approved financial statements and are provided here to comply with the disclosure requirement of article 2497-bis of the Italian Civil Code.

Statement of financial position

€'000	31/03/2019
B) Non-current assets	36,275
C) Current assets	9,018
Total assets	**45,293**
A) Equity:	
Share capital	5,000
Legal reserve	1,000
Other reserves	5,000
Retained earnings	34,188
Profit for the year	53
D) Liabilities	52
E) Accrued expenses and deferred income	—
Total liabilities	**45,293**

Statement of profit or loss and other comprehensive income

€'000	2018/2019
A) Revenue	—
B) Costs	(49)
C) Net financial income	105
Income taxes	(3)
Profit for the year	**53**

3. Basis of preparation

Statement of compliance with the IFRS

The financial statements at 31 March 2020 have been prepared in accordance with the IFRS and related interpretations (SIC/IFRIC), endorsed by the European Union and in force at the reporting date, and the measures issued to implement article 9 of Legislative decree no. 38/2005. The Italian regulations introduced to transpose Directive 2013/34/EU are also applicable, when compatible, to companies that prepare their financial statements under the IFRS.

The last set of financial statements prepared in accordance with the Italian financial reporting standards ("OIC") was at 31 March 2019.

The date of transition to the IFRS is 1 April 2018 and its effects and disclosure on the financial statements are provided in note 41 (Transition to the IFRS). This note shows the effects on the company's statement of financial position at 1 April 2018 and 31 March 2019 and its statement of profit or loss and other comprehensive income for the year ended 31 March 2019. It also includes a reconciliation of equity and the profit for the year prepared in accordance with the OIC and IFRS at the above dates.

The company has restated the comparative figures for the year ended 31 March 2019 in accordance with the IFRS endorsed by the European Union. In addition, the statement of financial position includes the opening balances at 1 April 2018, also prepared in accordance with the IFRS.

Financial statements

The financial statements are based on the accounting records at 31 March 2020 and have been prepared on a going concern basis. They are accompanied by a directors' report and these notes and comprise:

- statement of financial position: assets and liabilities are presented as current or non-current and the amounts to be settled or recovered within or after 12 months of the reporting date are described in the notes to each asset and liability;
- statement of profit or loss and other comprehensive income: costs are classified by nature and the operating profit or loss and pre-tax profit or loss are presented as separate sub-totals;
- statement of changes in equity: this statement shows the company's comprehensive income (expense), owner transactions and details of each equity item presented;
- statement of cash flows: this presents the cash flows from operating, investing and financing activities. Cash flows from operating activities are presented using the indirect method, under which the profit or loss for the year is adjusted for non-monetary transactions, the postponement or accrual of previous or future collections or payments and revenue related to cash flows from investing or financing activities.

The purpose of these notes is to present the basis of preparation, the disclosures required by the IFRS and not included in other parts of the financial statements as well as any other information not provided in the financial statements but necessary to reliably present the company's operations.

The statement of financial position, the statement of profit or loss and other comprehensive income and the statement of cash flows are prepared in Euros (the company's functional currency) without decimal points. The figures in the statement of changes in equity and these notes are prepared in thousands of Euros, unless specified otherwise.

Moreover, the captions required by IAS 1 with nil balances for both the current and previous years have not been included in the financial statements.

Approval of the financial statements

The company's board of directors approved the financial statements at 31 March 2020 on 21 September 2020. They have been audited by KPMG S.p.A. and will be presented to the company's shareholders. The board of directors may change the financial statements up until the date of the shareholders' meeting called to approve them. The shareholders also have the right to request changes to the financial statements.

Use of judgements and estimates

In preparing these financial statements and notes, management has made judgements and estimates that affect the carrying amount of assets and liabilities and disclosures about contingent assets and liabilities at the reporting date. These judgements and estimates are based on information available at the date of preparation of the financial statements, management's experience and other relevant information. Actual results may differ from these estimates. Estimates are used to measure assets, amortisation and depreciation, deferred tax assets, loss allowances, employee benefits and provisions. Management revisits the estimates and judgements regularly and the effects of any changes are shown in profit or loss. Critical measurement processes and key judgements used to apply the IFRS and that can significantly affect the carrying amounts of assets and liabilities or trigger the risk that their carrying amount may be significantly different in the subsequent reporting period are described below.

These notes summarise the financial statements captions subject to a high degree of judgement or complexity that are more likely to require adjustments due to significant differences between estimates and actual results. The following sections provide details of these estimates and judgements together with an explanation of the calculation criteria used for each caption.

The areas that require significant estimates and judgements are:

- identification of performance obligations and the term of contracts with customers, note 4 (n);

- the period of time over which the incremental costs to obtain a contract and to fulfil a contract are expensed, note 4 (n);
- the useful life of property, plant and equipment, note 4 (b.3);
- impairment losses on property, plant and equipment, note 4 (b.4);
- right-of-use assets, note 4 (c);
- the lease term depending on whether the company is reasonably certain it will exercise the extension option, note 4 (c);
- the fair value of share-based payments, note 4 (l);
- provisions and contingent liabilities, notes 4 (h) and 38.

Management checks the estimates and judgements regularly. They are based on past experience and other factors, including expectations about future events that could have an impact on the company's financial position and are considered reasonable in the circumstances.

4. Summary of the significant accounting policies

(a) Intangible assets with a finite useful life

(a.1) Initial recognition and measurement

Intangible assets are initially recognised at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss when the asset is derecognised.

(a.2) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(a.3) Amortisation

Intangible assets are amortised over their useful lives and tested for impairment whenever there is indication of a possible impairment loss. The company checks the amortisation period and method at the end of each year or more frequently if necessary. Any changes to the amortisation pattern are applied prospectively. Amortisation is calculated on a systematic basis over the asset's estimated useful life using the following criteria:

- software and licences are amortised over three or five years, depending on their residual income generating potential;
- development expenditure for internally-developed application software is amortised over three years;
- rights to use radio frequencies are amortised over the contract term.

An intangible asset with a finite useful life is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition, recognised in profit or loss, is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

(b) Property, plant and equipment

(b.1) Initial recognition

Property, plant and equipment are recognised and measured at cost as established by IAS 16. Therefore, they are recognised at their purchase or production cost, including directly attributable costs and subsequently adjusted for accumulated depreciation, any accumulated impairment losses and/or reversals of impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Land is not depreciated, even when it is acquired together with a building. The gain or loss on the sale of property, plant, machinery, equipment or other assets is determined as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in profit or loss in the period of the derecognition.

(b.2) Subsequent expenditure

Subsequent expenditure and the cost of replacing parts of some items of property, plant and equipment are added to the item's carrying amount and capitalised only if it is probable that the future economic benefits associated with the related item increase. All other costs are expensed when incurred.

When the cost of replacing parts of some items of property, plant and equipment is capitalised, the carrying amount of the parts that are replaced is expensed.

The cost of non-routine maintenance that extends the useful life of the item of property, plant and equipment is capitalised and depreciated over the item's useful economic life. The cost of routine maintenance is expensed when incurred.

(b.3) Depreciation

Depreciation of an item of property, plant and equipment begins when it is available for use until the earlier of the date that asset is classified as held for sale (in accordance with IFRS 5) and the date that the asset is derecognised. Any changes to the depreciation pattern are applied prospectively. The depreciable amount is the item's carrying amount less its estimated disposal proceeds at the end of its useful life, if significant and reasonably determinable. Depreciation is calculated using rates that reflect the item's estimated useful life based on the company's plans which include its physical wear and tear and technological obsolescence and its estimated realisable value net of the scrapping costs. When an asset is composed of more than one significant part with different useful lives, each part is depreciated separately.

Depreciation is calculated on a systematic basis over the asset's estimated useful life using the following rates:

• Buildings	3%
• Network systems and equipment	10% - 20%
• Assets under free loan	20% - 50%

Assets under free loan include assets given to customers on a free loan basis to use the company's connectivity services and the cost of initially installing them. The cost of initially installing them has a useful life based on the related contract term (mainly 24 months), in case of early withdrawal of the contract the portion not yet depreciated is expensed.

These assets continue to be classified as "Assets under construction and payments on account" until they are installed at the customer's premises/residence. After their installation, the cost is reclassified and depreciated.

Depreciation is also calculated on temporarily idle equipment.

When there is an indication of a possible impairment loss on an item of property, plant and equipment, i.e., when there is a significant decrease in the asset's market value, significant technological changes or significant obsolescence, the company compares its carrying amount, regardless of the accumulated depreciation, to the present value of its future cash flows and impairs it where necessary. If the conditions for the recognition of the impairment loss are no longer valid in subsequent years, the loss is reversed up to the carrying amount the asset would have had (net of depreciation) had the impairment loss never been recognised.

(b.4) Impairment losses on non-financial assets

When a non-financial asset shows indication of impairment at the reporting date, the company estimates its recoverable amount, defined as the higher of its value in use and fair value less costs to sell applying the following definitions:

- Value in use: this is the present value of the future cash flows expected to be derived from an asset or cash-generating unit (CGU). Specifically, the asset will generate cash flows, which will be discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset. The cash flows are determined using internal business plans based on detailed budgets and calculations prepared separately for each asset/cash-generating unit. The budgets do not include the effects of non-recurring transactions (restructurings, sales and acquisitions) and cover a horizon of a maximum of five years.

- Fair value: the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The company uses valuation models based on listed shares, market multiples and other available indicators.

IAS 36 does not require a formal estimate of the recoverable amount if there are no indicators of impairment. The exceptions to this rule are assets that are not yet available for use and goodwill acquired in a business combination, which must be tested for impairment at least once a year and whenever there is an indication of impairment.

When the carrying amount of a non-financial asset is impaired, the company recognises a loss equal to the difference between the asset's carrying amount and its recoverable amount. In addition, at each year end, the company checks whether the reasons for recognising an impairment loss (or reversal thereof) still exist and, if not, estimates the asset's recoverable amount. An impairment loss may be reversed, except in the case of goodwill, if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of impairment losses may not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in prior years. The reversal is recognised through profit or loss.

(c) Leases

IFRS 16 redefines how to recognise a lease. It replaces IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating leases - Incentives and SIC-27 - Evaluating the substance of transactions involving the legal form of a lease.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The standard also provides exemptions for short-term leases and leases for which the underlying asset is of low value.

The company's leases that fall under the scope of IFRS 16 mostly relate to:

- physical space to place EOLO equipment for the reception and transmission of radio signals;
- multi-year rights to use fibre optic sections (dark fibre IRU);
- office buildings;
- company cars;
- data centre equipment and other assets (canteen equipment).

The company elected not to recognise a right-of-use asset or lease liability for leases for which the underlying asset is of low value. Therefore, it recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

The company has applied IFRS 16 using the modified retrospective approach in its financial statements at 31 March 2020. Therefore, the effects of initially applying the standard have been recognised at 1 April 2018 with the recognition of right-of-use assets and other lease liabilities. The company has depreciated the right-of-use assets and recognised financial expense on the lease liabilities.

In accordance with IFRS 16, the company assesses whether a contract is, or contains, a lease under its new definition, which establishes that a lease is, or contains, a lease if the contract conveys the right the control the use of an identified asset for a period of time in exchange for consideration.

It has elected to adopt the practical expedient for company car leases and not to separate non-lease components from lease components and, instead, to account for each lease component and any associated non-lease components as a single lease component.

As required by IFRS 16, the company recognises a right-of-use asset and a lease liability for most of its leases in the statement of financial position. . The company recognises right-of-use assets that do not meet the definition of investment property in the specific “Right-of-use assets” caption and the related liability under “Lease liabilities” in the statement of financial position.

At the lease commencement date, the company recognises a right-of-use asset and a lease liability. The right-of-use asset is initially recognised at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The company measures the lease liability at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the company uses its incremental borrowing rate. It usually uses the latter rate. The lease liability is subsequently increased to reflect interest, reduced to reflect the lease payments made and remeasured if there is a change in future lease payments resulting from a change in an index or rate used to determine them, there is a change in the amounts expected to be payable under a residual value guarantee or when the company changes its assessment of an option to purchase the underlying asset, to extend the lease or terminate it.

The company has estimated the lease term for leases which have an extension option. Its assessment of the reasonable certainty that it will exercise the option affects the estimate of the lease term and, especially, the carrying amount of the lease liability and the right-of-use asset. In order to apply the modified retrospective approach to the above leases, the company has adopted the practical expedient to rely on past experience to determine the lease term.

At the date of initial recognition, the company measured the lease liabilities at the present value of the lease payments that were not paid at that date, discounted using its incremental borrowing rate at 1 April 2018. It measured right-of-use assets considering the amount of the lease liability adjusted by any lease payments made at or before this date.

Any impairment losses on the right-of-use asset are determined and recognised in accordance with IAS 36—Impairment of assets.

(d) Non-derivative financial assets

Non-derivative financial assets include investments in equity instruments, trade receivables, other assets (other financial assets), financial liabilities, trade payables and other liabilities (other financial liabilities).

All other financial assets and liabilities are initially recognised on the trade date, i.e., when the company becomes a contractual party to the financial instrument.

Except for trade receivables that do not contain a significant financing component, at initial recognition, the company measures a financial asset at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, trade receivables that do not contain a significant financing component are measured at their transaction price.

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g., non-recourse features).

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(d.1) Trade receivables and other assets

Trade receivables and other assets (other financial assets) are classified as financial assets measured at amortised cost and initially recognised at their transaction cost for trade receivables and their fair value for other assets, which is usually their nominal amount. They are subsequently measured at amortised cost net of any identified impairment losses. The company checks whether the trade receivables are recoverable using the present value of the discounted cash flows. The loss allowance is always equal to the lifetime expected credit losses. The company considers reasonable and supportable information which is relevant and available. This includes quantitative and qualitative information and analyses, based on past experience, of the trade receivables as well as forward-looking information.

(d.2) Current and non-current loans and borrowings

Advances and loans are initially recognised at the fair value of the consideration received, net of directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. They are classified as current or non-current liabilities based on their settlement date.

(d.3) Trade payables and other liabilities

Trade payables and other liabilities (other financial liabilities), with due dates within normal commercial terms, are initially recognised at fair value and subsequently measured at amortised cost.

(e) Derivatives

Derivatives are initially measured at fair value and subsequent changes in fair value are recognised in profit or loss.

The company does not have derivatives designated as hedging instruments.

(f) Cash and cash equivalents

Cash and cash equivalents include cash-in-hand and sight and short-term deposits. In accordance with IAS 7, they are measured at their nominal amount, which equals their fair value.

(g) Share capital and other equity items

Transactions between the company and the owners acting in their capacity as owners may give rise to amounts due to and from owners. The company recognises a financial asset with the owners when the owners have an obligation to the company and a liability when it has an obligation to the owners.

Injections made by owners that do not have to be returned are recognised in the relevant equity item while loans from owners that have to be returned are recognised under liabilities.

(h) Provisions

The company recognises a provision when it has a present obligation (legal or constructive) as a result of a past event that can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The discount rates do not reflect the risks for which future cash flows have been adjusted.

The company regularly reviews the provisions to reflect changes in the estimate of the costs, the payment/settlement timing and the discount rate. Changes in the estimates are recognised in the same caption of the statement of profit or loss and other comprehensive income as the provision or, when the liability relates to an item of property, plant and equipment, as a balancing entry to the related asset.

Provisions include accruals for future costs of ongoing disputes and the present value of the costs to be incurred to restore land used under lease.

(i) Employee benefits

Defined contribution plans are post-employment benefits where the company and sometimes its employees pay fixed contributions into a separate entity (a fund) and the company will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits.

Defined benefit plans are post-employment benefit plans that are not defined contribution plans. Defined benefit plans may be unfunded or they may be wholly or partly funded by the contributions by an entity, and sometimes its employees, into an entity or fund, that is legally separate from the reporting entity and from which the employee benefits are paid. The vested amount is projected into the future to estimate the amount to be paid upon termination of the employment relationship and subsequently discounted to consider the time value of money before effective payment.

Adjustments to the liability for employee benefits are determined using actuarial assumptions, based on demographic and financial variables, recognised on an accruals basis in line with the service necessary to obtain the benefit.

The benefits vested in a year by employees and the interest cost on the amount accrued at the start of the year and any changes during the year are recognised in “Personnel expenses” in profit or loss. The gain or loss arising on the actuarial calculation is recognised in “Actuarial gains (losses)” under other comprehensive income.

The company engages a third party actuary to perform the actuarial valuation. Following the amendments to Italian post-employment benefits ("TFR") by Law no. 296 of 27 December 2006 and subsequent decrees and regulations (the pension reform) issued early in 2007:

- TFR vested up until 31 December 2006 is treated as a defined benefit plan under IAS 19. The benefits earned by employees in the form of post-employment benefits, paid when the employment relationship ends, are recognised over the vesting period;
- TFR accrued after 1 January 2007 is treated as a defined contribution plan and benefits accrued during the year are entirely recognised as a cost, while the benefits not yet paid into the fund are recognised under "Other current liabilities".

(l) Share-based payments

Cash-settled share-based payment plans are part of the remuneration package of the beneficiaries. Therefore, the cost is the fair value of the instruments recognised under "Personnel expenses" over the period from the award date to the settlement date, with an increase in the related liability. The company remeasures the fair value of the liability at each reporting date and at the date of settlement with any changes in fair value recognised in profit or loss.

(m) Foreign currency transactions, assets and liabilities

Transactions in foreign currencies are translated into the company's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within financial expense.

(n) Revenue from contracts with customers

The company applies IFRS 15 to recognise revenue from contracts with customers. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control-at a point in time or over time-requires judgement.

The company has elected to apply IFRS 15 retrospectively, recognising the cumulative effects in opening equity at the date of initial application (1 April 2018, which is the date of transition to the IFRS).

IFRS 15 requires that revenue be recognised using a five-step model:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

(n.1) Performance obligations and revenue recognition criteria

The process underlying the company's recognition of revenue in accordance with IFRS 15 is summarised below:

- the contract is identified when the parties approve the contract and identify their rights and obligations, i.e., when the contract becomes legally binding;

- the duration of the contract with customer has been defined on the basis of the contract term agreed with the customer (mainly 24 months);
- the company has identified a single performance obligation for its connectivity services; it does not account for the performance obligations related to the other services provided with its connectivity services separately, as their separate accounting would not alter how it recognises revenue;
- the transaction price is the amount of consideration in a contract with the customer, including any promotions, covering the entire contract term.;
- the company allocates the transaction price to the performance obligation on the basis of the relative stand-alone selling price. Revenue from nonrefundable up-front activation fees, which do not constitute a separate performance obligation and do not convey a material right to customers, is deferred over the contract term;
- the company recognises revenue over time as it satisfies the performance obligation. It usually invoices revenues and collects payment on a two-monthly basis in advance.

Contracts with non-business customers generally provide for advance payment, which is not considered a significant financing component given that advance payment is normal business practice and average payments are usually made over less than 12 months.

(n.2) Incremental costs of obtaining a contract and costs to fulfil a contract

The incremental costs of obtaining a contract, comprising commissions paid to agents and brokers, are recognised in profit or loss over the contract term (24 months).

The costs to fulfil a contract, including the cost of subsequent installations after the initial installation of the radio transceiver at a new customer, are recognised over the contract term (24 months). The costs of initial installation are recognised in "Property, plant and equipment". Should the contract be terminated, the incremental costs of obtaining the contract and the costs to fulfil it are expensed.

(o) Government grants

Government grants are initially recognised at fair value as deferred income if the company is reasonably certain it will receive them and will comply with the attached conditions. They are subsequently recognised as other income on a systematic basis over the useful life of the asset to which they relate.

(p) Personnel expense

Personnel expense includes remuneration, social security contributions, accruals for post-employment benefits, other employee benefits, benefits for directors and consultants and other personnel costs (medical check-ups, travel and canteen).

(q) Financial income and expense

Financial income includes interest on invested liquidity, dividends, gains on the sale of available-for-sale financial assets, fair value gains on financial assets at FVTPL, exchange gains and gains on derivatives recognised in profit or loss.

Financial expense includes interest on loans and finance leases, exchange losses, impairment losses on financial assets and losses on derivatives recognised in profit or loss. Borrowing and lease costs are recognised in profit or loss using the effective interest method.

Interest income and expense is recognised in profit or loss on an accruals basis using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(r) Income taxes

(r.1) Current taxes

The company determines its income taxes on the basis of a reasonable estimate of the tax expense determined on an accruals basis under the enacted tax laws. The tax rates and laws applied to calculate the amount are those enacted or substantially enacted by the reporting date. Current taxes that arises from a transaction or event which is recognised outside profit or loss are recognised directly in other comprehensive income and, therefore, in equity, together with the transaction or event to which they refer.

Current tax assets and liabilities are offset only if certain criteria are met.

(r.2) Deferred taxes

Deferred taxes are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the company's business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.
Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

(s) New standards

There are no standards that the company has not yet applied or adopted early that could affect it significantly.

The standards endorsed by the EU and applicable to the year ending 31 March 2021 are as follows:

1. Amendments to the references to the Conceptual Framework in IFRS standards;
2. Definition of Material (Amendments to IAS 1 and IAS 8);
3. Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Standards not yet endorsed by the EU include:

1. Covid-19-Related rent concessions (Amendment to IFRS 16);
2. Onerous contracts - Cost of fulfilling a contract (Amendments to IAS 37);
3. Property, plant and equipment: Proceeds before intended use, (Amendments to IAS 16);
4. Annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
5. Reference to the Conceptual Framework (Amendments to IFRS 3);
6. Amendments to IFRS 4 (Deferral of effective date of IFRS 9);
7. IFRS 17 - Insurance contracts;
8. Classification of liabilities as current or non-current (Amendments to IAS 1).

The company is evaluating the possible effect of applying the above standards and amendments.

(t) Measurement of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the company's accounting policies and disclosure obligations require the measurement of fair values for both financial and non-financial assets and liabilities.

When one is available, the company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If the company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

5. Intangible assets

Intangible assets amount to €15,223 thousand, a net increase of €1,232 thousand on 31 March 2019.

The caption and changes therein may be analysed as follows:

€'000	Software and licences	Frequencies	Assets under development and payments on account	Other	Total
Historical cost					
Balance at 01/04/2018	**4,525**	**12,791**	**—**	**2,656**	**19,971**
Increases	4,406	—	20	853	**5,279**
including: internal work capitalised	*363*	—	—	—	
Decreases	(3)	—	—	—	**(3)**
Reclassifications	—	—	—	—	**—**
Balance at 31/03/2019	**8,927**	**12,791**	**20**	**3,509**	**25,247**
Increases	3,877	—	2,839	—	**6,715**
including: internal work capitalised	1,006	—	—	—	
Decreases	—	—	—	—	**—**
Reclassifications	2,231	—	(2,285)	81	**27** *
Balance at 31/03/2020	**15,035**	**12,791**	**573**	**3,590**	**31,989**
Acc. amortisation					
Balance at 01/04/2018	**(2,548)**	**(3,256)**	**—**	**(1,559)**	**(7,363)**
Increases	(1,486)	(1,974)	—	(433)	**(3,892)**
including: internal work capitalised	(17)	—	—	—	
Decreases	—	—	—	—	**—**
Reclassifications	—	—	—	—	**—**
Balance at 31/03/2019	**(4,034)**	**(5,230)**	**—**	**(1,992)**	**(11,256)**
Increases	(3,056)	(1,974)	—	(481)	**(5,511)**
including: internal work capitalised	(231)	—	—	—	
Decreases	—	—	—	—	**—**
Reclassifications	—	—	—	—	**—**
Balance at 31/03/2020	**(7,090)**	**(7,203)**	**—**	**(2,473)**	**(16,766)**
Carrying amounts	**7,945**	**5,587**	**573**	**1,117**	**15,223**
01/04/2018	**1,976**	**9,535**	**—**	**1,097**	**12,608**
31/03/2019	**4,893**	**7,561**	**20**	**1,517**	**13,991**
31/03/2020	**7,945**	**5,587**	**573**	**1,117**	**15,223**

* *Reclassified from property, plant and equipment to intangible assets*

"Software and licences" of €7,945 thousand comprise the cost of purchasing and developing application software to manage the company's products and processes.

Following the introduction of a process to monitor internal processes, starting from the year ended 31 March 2019, the costs of the internal development of non-copyrighted application software are recognised under assets under development until the related project has been completed. They are then reclassified to the appropriate intangible asset caption. At 31 March 2020, these capitalised costs amount to €1,060 thousand (€345 thousand at 31 December 2019).

"Frequencies" amount to €5,587 thousand and mostly comprise the costs incurred to purchase the rights to use radio frequencies. They are amortised over the term of the related right.

"Assets under development and payments on account" of €573 thousand mostly relate to activities to develop applications.

"Other" of €1,117 thousand mainly consist of costs incurred to purchase IP addresses (€1,041 thousand).

The company has not revalued or impaired intangible assets at 31 March 2020 or at previous year ends.

The statement of cash flows show the increases in intangible assets during the year.

6. Property, plant and equipment

Property, plant and equipment increased by a net €19,367 thousand to €169,112 thousand at year end.

The caption and changes therein may be analysed as follows:

€'000	Land and buildings	Network systems and equipment	Network assets on a free loan basis	Assets under construction and payments on account	Other assets	Total
Historical cost						
Balance at 01/04/2018	**631**	**100,010**	**80,269**	**18,783**	**1,619**	**201,312**
Increases	22	9,914	12,574	52,413	641	**75,564**
Decreases	—	(1,742)	(2,332)	(1,272)	(245)	**(5,592)**
Reclassifications	—	17,455	27,835	(45,290)	—	**0**
Balance at 31/03/2019	**652**	**125,637**	**118,346**	**24,634**	**2,015**	**271,284**
Increases	—	11,344	11,944	47,840	227	**71,356**
including: internal work capitalised	—	1,342	—	—	—	
Decreases	—	(4,096)	(2,450)	(637)	(206)	**(7,389)**
Reclassifications	—	16,250	31,837	(48,115)	—	**(27)**
Balance at 31/03/2020	**652**	**149,136**	**159,677**	**23,723**	**2,036**	**335,224**
Acc. depreciation						
Balance at 01/04/2018	**(3)**	**(46,082)**	**(34,573)**	**—**	**(1,232)**	**(81,890)**
Increases	(53)	(18,047)	(21,691)	—	(219)	**(40,010)**
Decreases	—	1,261	1,611	—	238	**3,110**
Reclassifications	—	—	—	—	—	**—**
Balance at 31/03/2019	**(55)**	**(62,868)**	**(54,652)**	**—**	**(1,214)**	**(118,790)**
Increases	(53)	(21,775)	(28,167)	—	(212)	**(50,207)**
including: internal work capitalised	—	(143)	—	—		
Decreases	—	3,595	2,041	—	99	**5,734**
Reclassifications	—	—	—	—	—	**—**
Balance at 31/03/2020	**(108)**	**(81,048)**	**(80,779)**	**—**	**(1,327)**	**(163,262)**
Acc. impairment losses						
01/04/2018	**—**	(720)	—	(1,128)	**—**	**(1,848)**
31/03/2019	**—**	(1,085)	—	(1,665)	**—**	**(2,750)**
1/03/2020	**—**	(857)	—	(1,993)	**—**	**(2,850)**
Carrying amounts						
01/04/2018	**628**	**53,208**	**45,697**	**17,655**	**386**	**117,575**
31/03/2019	**597**	**61,684**	**63,694**	**22,969**	**801**	**149,745**
31/03/2020	**545**	**67,230**	**78,898**	**21,730**	**709**	**169,112**

"Land and buildings" amount to €545 thousand. The caption includes costs of €418 thousand incurred to dismantle infrastructure and restore the site after discontinuation of its use, when the company has a constructive or legal obligation as per the related lease.

"Network systems and equipment" amount to €67,230 thousand and mainly comprise the costs incurred to purchase transceivers, antennas, servers and other network equipment that the company purchases to develop its network infrastructure.

The caption also includes the personnel expenses of the employees involved in network infrastructure design activities (€1,198 thousand). The company started to capitalise these expenses in 2020 as they refer to activities strictly related to the development of the 28 Ghz network infrastructure.

Obsolete and/or damaged assets included in this caption which the company intends to sell were impaired by €857 thousand at 31 March 2020 (€720 thousand and €1,085 thousand at 1 April 2018 and 31 March 2019, respectively).

The company has given its lending banks a special first level lien on its systems and equipment as guarantee for a medium to long-term loan to be used to invest in the broadband wireless TLG network infrastructure.

"Network assets on a free loan basis" of €78,898 thousand includes assets given to customers on a free loan basis to provide them with access to the company's connectivity services.

"Assets under construction and payments on account" amount to €21,730 thousand and mostly consist of antennas for wireless connections that the company has purchased to ensure the ongoing development of its infrastructure. They will be installed with customers on a free loans basis. Obsolete and/or damaged assets included in this caption which the company intends to sell were impaired by €1,993 thousand at 31 March 2020 (€1,128 thousand and €1,665 thousand at 1 April 2018 and 31 March 2019, respectively).

The impairment losses on network systems and equipment and network assets on a free loan basis amount to €1,364 thousand and €2,253 thousand in 2019/2020 and 2018/2019, respectively. More information is available in note 31.

"Other assets" amount to €709 thousand and mostly comprise company vehicles and office electronic equipment.

Depreciation is calculated on assets available for use using rates held to reflect their useful economic lives as described in the section on accounting policies.

The company did not revalue its assets at 31 March 2020.

Increases in property, plant and equipment made during the year are presented in the statement of cash flows.

7. Right-of-use assets

This caption increased by a net €6,829 thousand to €89,515 thousand at year end.

The caption and changes therein may be analysed as follows:

€'000	Hosting	Fibre optic IRU	Property	Cars	Other	Total
Historical cost						
Balance at 01/04/2018	**47,018**	**15,233**	**6,571**	**818**	**1,673**	**71,313**
Increases	14,232	2,471	8,003	1,262	—	**25,968**
Decreases	(357)	—	—	—	—	**(357)**
Balance at 31/03/2019	**60,893**	**17,704**	**14,574**	**2,080**	**1,673**	**96,924**
Increases	13,240	5,425	9	206	476	**19,356**
Decreases	(341)	—	—	—	—	**(341)**
Balance at 31/03/2020	**73,792**	**23,129**	**14,583**	**2,286**	**2,149**	**115,939**
Acc. depreciation						
Balance at 01/04/2018	**(1,733)**	**(1,700)**	**—**	**—**	**—**	**(3,433)**
Increases	(8,318)	(1,153)	(516)	(505)	(313)	**(10,805)**
Decreases	—	—	—	—	—	**—**
Revaluations/Impairment losses	—	—	—	—	—	**—**
Balance at 31/03/2019	**(10,051)**	**(2,853)**	**(516)**	**(505)**	**(313)**	**(14,238)**
Increases	(9,252)	(1,336)	(703)	(591)	(304)	**(12,186)**
Decreases	—	—	—	—	—	**—**
Revaluations/Impairment losses	—	—	—	—	—	**—**
Balance at 31/03/2020	**(19,303)**	**(4,189)**	**(1,219)**	**(1,096)**	**(617)**	**(26,424)**
Carrying amounts						
01/04/2018	**45,285**	**13,533**	**6,571**	**818**	**1,673**	**67,880**
31/03/2019	**50,842**	**14,851**	**14,058**	**1,575**	**1,360**	**82,686**
31/03/2020	**54,489**	**18,940**	**13,363**	**1,191**	**1,532**	**89,515**

"Hosting" mostly includes the cost of contracts to place EOLO equipment for the reception and transmission of radio signals and the regeneration of fibre optic connections in third party sites. The leases have an estimated term of six years.

"Fibre optic IRU" chiefly refer to contracts agreed to obtain multi-year rights to use dark fibre sections. They usually have a term of 15 years and provide for advance payment.

"Property" mostly comprises property leased for office use.

"Cars" include the cost of car lease and hire contracts which mainly have a four year term.

"Other" principally comprises the cost of leasing IT equipment (data centres) and other assets (canteen equipment).

8. Contract costs

€'000	31/03/2020	31/03/2019	01/04/2018
Installations	2,035	790	488
Commissions	7,783	3,804	2,574
Total	**9,818**	**4,594**	**3,062**

At 31 March 2020, contract costs amount to €9,818 thousand and include costs to fulfil the contract for installations subsequent to the first installation of the radio transceivers with customers (€2,035 thousand) and costs to obtain a contract for commissions paid to agents to acquire new customers (€7,783 thousand).

These costs are recognised under "Purchases of materials and services" in profit or loss (see note 27).

9. Other financial assets

Other financial assets at 31 March 2020 include the following equity investments:

	Quota capital	Investment %	Investment amount	Carrying amount of investment
Open Hub Med Società Consortile	836,061	9.87%	82,482	130,000
Via Caldera 21 - Milan				
MIX S.r.l.	1,000,000	15.00%	150,000	179,328
Via Caldera 21 - Milan				
Fondazione ITS INCOM				1,000
Viale Stelvio 173 - Busto Arsizio (Varese)				
Equity investments				**310,328**

The carrying amount of equity investments increased by €30 thousand due to the capital increase of Open Hub Med and by €93 thousand for the acquisition of an interest in Mix S.r.l. from Irideos S.p.A

In addition to the above equity investments, "Other financial assets" are mainly comprised of guarantee deposits for leases and electricity supply contracts (€302 thousand).

10. Deferred tax assets and liabilities

The following table shows deferred tax assets and liabilities, the temporary differences that generated them, the related tax effects and the variation on the previous year end as well as the amounts recognised in profit or loss.

€'000	01/04/2018	Recognised in profit or loss	Reclassified to amounts due to parents	30/03/2019
Property, plant and equipment	443	217	—	**660**
Intangible assets	11	(11)	—	**—**
Trade receivables and other assets	157	109	—	**266**
Taxed provision for risks	6	—	—	**6**
Taxed provisions for agents' termination benefits	17	—	—	**17**
Membership fees	(17)	(7)	—	**(24)**
Directors' fees	18	15	—	**33**
Depreciation and amortisation	733	298	—	**1,031**
Leases	122	38	—	**160**
Exchange gains	(43)	42	—	**(1)**
Exchange losses	11	15	—	**26**
Tax losses	—	647	—	**647**
IFRS FTA	(1,853)	962	—	**(891)**
Total	**(395)**	**2,325**	**—**	**1,930**

€'000	01/04/2019	Recognised in profit or loss	Reclassified to amounts due to parents	30/03/2020
Property, plant and equipment	660	24	—	**684**
Trade and other receivables	266	255	—	**521**
Taxed provision for risks	6	(6)	—	**—**
Taxed provisions for agents' termination benefits	17	—	—	**17**
Membership fees	(24)	(7)	—	**(31)**
Directors' fees	33	4	—	**37**
Depreciation and amortisation	1,031	312	—	**1,343**
Leases	160	32	—	**192**
Exchange gains	(1)	1	—	**—**
Exchange losses	26	(21)	—	**5**
Tax losses	647	323	(647)	**323**
IFRS FTA	(891)	(234)	—	**(1,125)**
Total	**1,930**	**683**	**(647)**	**1,965**

Based on the procedures performed at the reporting date, the company has not recognised deferred tax assets of approximately €1.2 million arising on temporary differences.

11. Trade receivables

Trade receivables are presented net of the loss allowance of €3,170 thousand set up for certain losses. The allowance is adequate to cover the expected credit losses.

€'000	31/03/2020	31/03/2019	01/04/2018
Trade receivables	12,535	11,911	9,611
Loss allowance	(3,170)	(2,090)	(718)
Total	**9,365**	**9,821**	**8,893**

All the company's customers are Italian and transactions are solely made in Euros.

It does not have any trade receivables due after more than five years.

More information is available in notes 32 and 35.

12. Other assets

This caption comprises:

€'000	31/03/2020	31/03/2019	01/04/2018
Parent	647	—	—
Tax assets	556	25	19
Other	119	5,573	13,392
Deferred costs for virtual vouchers	1,474	1,427	272
Deferred costs for frequencies	1,710	1,713	1,636
Sundry deferred costs	4,369	2,532	2,100
Total	**8,875**	**11,270**	**17,419**

Amounts due from the parent at 31 March 2020 relate to the company's IRES tax losses transferred to Cometa S.p.A. and solely usable by it due to the expiry of the domestic tax consolidation scheme provided for by article 117 and following articles of Presidential decree no. 917/1986 on 31 March 2019.

At 31 March 2021, the tax assets mostly comprise the tax asset for research and development activities and advertising activities of €332 thousand and €84 thousand, respectively.

"Other" comprises:

€'000	31/03/2020	31/03/2019	01/04/2018
Advances to suppliers	58	38	729
Payments on account to INAIL (the National Institute for Insurance against Accidents at Work)	19	1	16
Grants	—	1,986	9,962
Sundry amounts	42	3,548	2,685
Total	**119**	**5,573**	**13,392**

"Grants" at 31 March 2019, relating to the Ministry of Economic Development's call for proposals for Abruzzo, were received in full on 7 October 2019. The grants for the calls for proposals for the other regions had been collected before 31 March 2019.

At 31 March 2019, "Sundry amounts" mostly refer to the precautionary attachment as part of the ongoing criminal proceedings. The attached amount was released on 9 July 2019.

"Deferred costs for virtual vouchers" relate to virtual vouchers recognised in profit or loss when they are used by customers, i.e., when they purchase the connectivity service.

"Sundry deferred costs" mainly relate to software licences and maintenance (€915 thousand), connectivity (€703 thousand) and the maintenance of network equipment (€540 thousand) and plant and machinery (€227 thousand).

13. Current tax assets

At 31 March 2019, the caption included the IRAP (regional tax on productive activities) payment on account of €175 thousand. This asset was used to fully offset the company's IRAP liabilities during the year.

14. Cash and cash equivalents

€'000	31/03/2020	31/03/2019	01/04/2018
Bank and postal accounts	37,765	12,379	7,537
Cash-in-hand and cash equivalents	1	1	2
Total	**37,766**	**12,380**	**7,539**

The balance shows the company's cash and cash equivalents held in current accounts that bear floating interest rates at year end (more information about changes in this caption is provided in the statement of cash flows).

15. Equity

a) Share capital

The company's fully paid-up and subscribed share capital may be analysed as follows:

	No. of shares
Ordinary shares	**5,510,204**

	No. of shares	Investment %
SCP ECP UK	2,700,000	49%
Cometa S.p.A.	2,810,204	51%
Ordinary shares	**5,510,204**	**100%**

b) Share premium

This item includes the premium paid for the capital increase approved by the shareholders in their extraordinary meeting of 22 December 2017 (€25,000 thousand).

c) Reserves

They comprise the legal reserve (€1,150 thousand) and other reserves, which include the extraordinary reserve (€7 thousand), the translation reserve (€173 thousand), negative goodwill (€127 thousand), the FTA reserve (€209 thousand) and the actuarial reserve (€8 thousand). The legal reserve increased by €142 thousand after the allocation of the profit for 2019 and the actuarial reserve decreased by €189 thousand due to the actuarial losses.

A breakdown of the equity captions by origin, possible use, distribution and utilisation in the previous three years is provided below (article 2427.1.7-bis of the Italian Civil Code):

Key: A capital increase; B to cover losses; C dividends

€'000

					Utilisations of the past three years		
	Amount	**Origin**	**Possible use**	**Available portion**	**To cover losses**	**Owner transactions**	**Dividends**
Share capital	10,000	5,272 capital injections	B	—	—	—	—
		4,728 allocation of profits	B	—	—	—	—
Share premium	25,000	25,000 capital injections	B	—	—	—	—
Legal reserve	1,150	allocation of profits	B	—	—	—	—
Other reserves:							
Extraordinary reserve	7	allocation of profits	A-B-C	7	—	—	—
Translation reserve	173	net exchange gains	A-B	173	—		
Negative goodwill	127	cancellation	A-B	127	—	—	—
FTA reserve	209	IFRS FTA effects	A-B	209	—	—	—
Actuarial reserve	8	actuarial gains (losses)	A-B-C	8	—	—	—
Retained earnings	20,471	net prior year profits	A-B-C	20,471	—	—	—
Total				**20,995**			
Non-distributable amount				**592**			
Residual distributable amount				**20,403**			

The non-distributable amount refers to the FTA reserve, the translation reserve and negative goodwill. It includes the amortisable amount of start-up costs (€83 thousand).

16. Bank loans and borrowings and other current and non-current financial liabilities

Bank loans and borrowings and other financial liabilities amount to €120,219 thousand and show the use of current and non-current credit facilities.

The increase of €41,843 thousand reflects the company's greater need for financial resources which it mostly uses for investments.

A breakdown of the company's indebtedness is as follows:

€'000	31/03/2020	31/03/2019	01/04/2018
Non-current loans			
Loan with final repayment in June 2023, interest rate of Euribor + 2.42%	—	38,721	39,286
Loan with final repayment in June 2023, interest rate of Euribor + 2.42%	—	13,770	—
Loan with final repayment in July 2018, interest rate of Euribor + 1.50%	—	—	86
Loan with final repayment in July 2018, interest rate of Euribor + 1.35%	—	—	537
Loan with final repayment in April 2018, fixed interest rate of 1.50%	—	—	667
Loan with final repayment in October 2018, interest rate of Euribor + 0.5	—	—	900
Loan with final repayment in July 2021, interest rate of Euribor + 2.45%	—	4,675	—
Loan with final repayment in December 2021, interest rate of Euribor + 1.95%	—	10,000	—
Loan with final repayment in December 2024, interest rate of Euribor + 2.40% (capex)	8,658	—	—
Loan with final repayment in December 2024, interest rate of Euribor + 2.40% (refinancing)	82,874	—	—
Shareholder loan with final repayment in January 2025, interest rate of Euribor + 2.90%	10,000	1,425	1,425
Advances on invoices	1,210	—	—
	102,742	**68,591**	**42,901**
of which:			
Current portion	**5,201**	**9,268**	**3,190**
Non-current portion	**97,541**	**59,323**	**39,711**
Current loans and borrowings			
Advances on invoices	—	1,102	1,381
Import financing, hot money and revolving credit facilities	17,413	8,558	1,715
Overdrafts	39	67	51
Other financial liabilities	25	59	50
	17,477	**9,785**	**3,196**
Total	**120,219**	**78,376**	**46,097**

On 17 December 2019, the company obtained a new financing package from Italian and international banks to match its growth burst over the last few years and concurrently repaid its existing financing. The new package of €145,000 thousand has allowed it to radically and more efficiently reorganise its sources of funding.

It comprises the following facilities:

- refinancing facility of €85,000 thousand, fully provided at 31 March 2020. The related financial liability amounts to €82,874 thousand at the reporting date;
- capex facility of €50,000 thousand to be used for investments as part of the business plan; during the year, €10,000 thousand was drawn down in two instalments on 23 December 2019 and 27 March 2020. The related financial liability amounts to €8,658 thousand at the reporting date;
- revolving credit facility of €10,000 thousand, completely used at 31 March 2020. The related financial liability amounts to €10,000 thousand at the reporting date.

The financing is secured by collateral on the company's assets (a first level special lien on plant and machinery) as required by the financing agreement signed on 17 December 2019.

The financial liability is net of €3,468 thousand arising from amortised-cost accounting.

This new non-current financing has a covenant based on the company's leverage ratio (debt/gross operating profit ratio) as set out in the related agreement. Compliance with this covenant is checked twice a year on 31 March and 30 September. It has been complied with at the reporting date.

In addition to the above financing, the company's majority shareholder, Cometa S.p.A., provided it with a €10,000 thousand loan.

The non-current advances on invoices of €1,210 thousand relate to the agreement with De Lage Landen International B.V. to purchase network devices.

For the purposes of the statement of cash flows, the total loans received (€122,616 thousand and €29,000 thousand at 31 March 2020 and 2019, respectively) and repaid (€85,506 thousand and €1,948 thousand, respectively) include the loans agreed and repaid during the year.

17. Lease liabilities

The terms and conditions of the company's lease liabilities of €71,233 thousand are set out below:

				31/03/2020		31/03/2019	
€'000	**Currency**	**Nominal rate**	**Term**	**Nominal amount**	**Carrying amount**	**Nominal amount**	**Carrying amount**
Lease liabilities	€	2.61%-6.88%	2039	82,978	71,233	73,383	62,644
				82,978	**71,233**	**73,383**	**62,644**

18. Derivatives

At the reporting date, this caption shows the derivatives hedging the lease with Intesa Sanpaolo S.p.A. agreed on 26 July 2017, whose changes are summarised below:

€'000	**2019/2020**	**2018/2019**	**2017/2018**
Opening balance	**1,034**	**436**	**261**
Utilisations	(908)	—	(261)
Fair value losses	117	598	436
Closing balance	**243**	**1,034**	**436**

During the year, the company terminated the derivatives it had entered into for the previous bank financing, which it repaid by December 2019.

The next table shows the derivatives' notional amount and fair value:

Type of derivative	Interest rate swap	Interest rate swap	Currency forward	Currency forward	Currency forward	Currency forward	Interest rate swap
Contract no.	**11550005**	**0035723**	**250010205197**	**250010205200**	**250010205201**	**250010205202**	**24295038**
Purpose	hedging	hedging	hedging	hedging	hedging	hedging	hedging
Underlying financial risk	interest rate	interest rate	currency	currency	currency	currency	interest rate
Maturity	29/09/2023	30/09/2023	22/10/2018	20/11/2018	20/12/2018	20/12/2018	30/09/2027
Bank	Unicredit	MPS	Unicredit	Unicredit	Unicredit	Unicredit	Intesa Sanpaolo
Notional amount at 1 April 2018	10,000	10,000	704	703	701	80	—
Fair value at 1 April 2018	(219)	(214)	(1)	(1)	(1)	—	—
Notional amount at 31 March 2019	11,000	11,000	—	—	—	—	6,800
Fair value at 31 March 2019	(409)	(407)	—	—	—	—	(218)
Notional amount at 31 March 2020	—	—	—	—	—	—	6,000
Fair value at 31 March 2020	—	—	—	—	—	—	(243)

19. Provisions

The company sets up provisions mostly for possible future costs related to pensions and similar benefits for agents and the director as well as site dismantlement.

Changes in the provisions for pensions and similar benefits are as follows:

€'000	2019/2020	2018/2019	2017/2018
Opening balance	**179**	**106**	**80**
Utilisations	(87)	(7)	—
Accruals	122	80	26
Closing balance	**214**	**179**	**106**

Changes in the provision for site dismantlement costs are as follows:

€'000	2019/2020	2018/2019	2017/2018
Opening balance	**534**	**505**	**505**
Utilisations	—	—	—
Accruals	12	29	—
Closing balance	**546**	**534**	**505**

20. Employee benefits

a) Non-current

The non-current liability for employee benefits comprises post-employment benefits, amounting to €3,692 thousand at the reporting date, which is a net increase of €632 thousand on the previous year end being the balance of utilisations and accruals. It also includes the company's long-term incentive plan (LTIP) of €546 thousand at year end (including the related costs), which is €378 higher than the 31 March 2019 balance.

These liabilities may be analysed as follows:

€'000	31/03/2020	31/03/2019	01/04/2018
Post-employment benefits	3,692	3,060	2,342
LTIP	546	168	—
Total	**4,238**	**3,228**	**2,342**

Changes in the post-employment benefits during the year are shown below:

€'000	2019/2020	2018/2019	2017/2018
Opening balance	**3,060**	**2,342**	**1,638**
Current service cost	878	690	829
Benefits paid	(87)	(185)	(125)
Actuarial losses (gains)	(190)	181	—
Interest cost	31	31	—
Closing balance	**3,692**	**3,060**	**2,342**

The main actuarial assumptions are set out in the following table (shown as weighted averages):

	31/03/2020	31/03/2019	01/04/2018
Annual discount rate	1.42%	1.04%	1.37%
Annual inflation rate	1.20%	1.50%	1.50%
Annual post-employment benefits growth rate	2.400%	2.625%	2.625%
Annual real salary growth rate	0.50%	0.50%	0.50%

Should any reasonably possible changes in the actuarial assumptions have taken place at the reporting date, they would not have had a significant impact on the benefits' carrying amounts.

The company approved a five-year long-term incentive plan (LTIP) on 1 September 2018 for its directors and/or managers and/or key employees.

The company engaged an external expert to estimate the plan's fair value at the reporting dates. This expert applied the relevant valuation criteria and calculated the plan's fair value to be the present value (at each reference date) of the remuneration streams to be paid to the beneficiaries using the binomial model.

The main parameters used to apply this model are summarised below:

	31/03/2020	31/03/2019	01/04/2018
Total benefits vested	€ 2.41 million	€ 2.45 million	€ 1.80 million
Risk-free rate	0.03%	0.03%	0.28%
Standard deviation	23.40%	22.00%	22.20%
WACC	7.43%	8.48%	N/A*
Fair value	**€1.727 million**	**€1.445 million**	**€1.102 million**

* Figure calculated considering recent non-recurring transactions (acquisition of 49% by SearchLight Capital Partners in December 2017 and subsequent capital increase).

Volatility was calculated as a standard deviation of the monthly share prices over a horizon equal to the holding period before each reference date used for the estimate compared to listed comparable companies.

b) Current

The short-term employee benefits comprise:

€'000	31/03/2020	31/03/2019	01/04/2018
Variable remuneration	1,326	1,071	963
13th and 14th month remuneration	1,343	1,184	870
Accrued holidays	1,800	1,526	1,211
Total	**4,469**	**3,781**	**3,044**

21. Other liabilities

a) Non-current

The caption mostly comprises the non-current portion of deferred grants to be obtained for the infrastructure investments covered by the Ministry of Economic Development's calls for proposals (€4,151 thousand and €7,151 thousand at 31 March 2020 and 2019, respectively).

€'000	31/03/2020	31/03/2019	01/04/2018
Deferred income	4,203	7,213	10,696
Total	**4,203**	**7,213**	**10,696**

b) Current portion

This caption comprises:

€'000	31/03/2020	31/03/2019	01/04/2018
Deferred income - Infratel	3,000	3,051	2,801
Advances from inactive customers	2,515	2,340	1,864
Parent	—	—	56
Tax liabilities	1,042	1,537	270
Social security contributions	580	520	372
Other	1,444	1,328	2,248
Total	**8,581**	**8,776**	**7,611**

"Deferred income - Infratel" includes the current portion of grants to be obtained for infrastructure investments covered by the Ministry of Economic Development's calls for proposals.

"Tax liabilities" chiefly comprise VAT of €672 thousand and withholdings of €267 thousand on employee remuneration.

"Social security contributions" principally include amounts due to INPS (National Institute for Social Security), INAIL and other social security institutions as shown below:

€'000	31/03/2020	31/03/2019	01/04/2018
INPS	371	350	263
INAIL	26	27	17
Enasarco (National Institute for Business Agents and Representatives)	58	24	10
Manager funds	78	81	55
Fondo Fon.Te	41	32	27
Fondo EST	5	5	—
Bilateral bodies	1	1	—
Total	**580**	**520**	**372**

"Other" comprises:

€'000	**31/03/2020**	**31/03/2019**	**01/04/2018**
Directors	153	136	76
Supplementary pension plans	21	17	14
Sundry	1,270	1,175	2,158
Total	**1,444**	**1,328**	**2,248**

"Sundry" mostly consists of amounts related to ministerial concessions for frequencies (€1,140 thousand at the reporting date).

22. Trade payables

€'000	**31/03/2020**	**31/03/2019**	**01/04/2018**
Italian suppliers	35,947	36,096	34,148
EU suppliers	4,608	4,612	2,055
Non-EU suppliers	15	71	616
Credit notes to be received	(215)	(370)	(645)
Total	**40,355**	**40,409**	**36,174**

Trade payables of €40,355 thousand are net of trade discounts and include invoices to be received of €6,211 thousand. They are mostly due to connectivity service and equipment providers and are concentrated with just a few key suppliers.

Credit notes to be received show the amounts charged and deemed not due which the company has accordingly contested with the counterparty, as well as price adjustments granted by the providers of connectivity and related services.

23. Contract liabilities

This caption refers to connectivity services invoiced and paid for in advance but not yet provided.

A breakdown of this caption is as follows:

€'000	**31/03/2020**	**31/03/2019**	**01/04/2018**
Wired services	20	253	522
Wireless services	27,563	23,646	19,650
Sundry services	56	—	5
Total	**27,639**	**23,899**	**20,177**

24. Current tax liabilities

This caption includes amounts due to the parent for the domestic tax consolidation scheme and IRAP liabilities of €2,352 thousand and €96 thousand, respectively, at 1 April 2018.

They were settled in the year ended 31 March 2019 and the company has not recognised any current tax liabilities at 31 March 2020.

The domestic tax consolidation scheme expired on 31 March 2019.

25. Revenue and other income

€'000	**2019/2020**	**2018/2019**
Revenue	156,226	124,654
Other income	4,391	5,127
Total	**160,617**	**129,781**

Revenue refers to the rendering of connectivity services. More information about the company's products is available in the table below.

All revenue is earned with Italian customers in Euros.

Other income mostly consists of deferred income for grants to be obtained for infrastructure investments covered by the Ministry of Economic Development's calls for proposals (€3,050 thousand and €2,801 thousand in 2019/2020 and 2018/2019, respectively) and tax assets for research and development activities (€332 thousand in 2019/2020).

Notes 4 (n) and 41 provide information about the initial application of IFRS 15 to revenue from contracts with customers.

Disaggregation of revenue from contracts with customers

No debt or equity instruments of Eolo are traded in a public market nor is Eolo in the process of filing its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market, consequently IFRS 8 on segment reporting is not applicable.The following table shows revenue from contracts with customers broken down by geographical segment, business segment:

€'000	**2019/2020**	**2018/2019**
Geographical segment		
Italy	156,226	124,654
	156,226	**124,654**
Business segment		
Wireless	154,994	122,647
Wireline	907	1,681
Other services	325	326
	156,226	**124,654**
Other revenue	**4,391**	**5,127**
Total	**160,617**	**129,781**

26. Internal work capitalised

Internal work capitalised of €363 thousand for 2018/2019 entirely relates to the development of application software. The balance of €2,348 thousand for 2019/2020 refers to network design (€1,342 thousand) and the development of application software (€1,006 thousand). More information is available in notes 5 and 6.

27. Purchases of materials and services

This caption includes the cost of:

€'000	2019/2020	2018/2019
Marketing & Sales	22,685	18,487
Installations & Maintenance	10,215	6,507
Other	9,296	8,479
Connectivity services	8,870	7,780
Licences/Ministerial concessions	3,513	3,167
Bank fees	2,439	1,684
POP and related costs	1,299	816
Directors' fees	785	785
Materials	701	1,152
Statutory auditors' fees	55	56
Total	**59,857**	**48,914**

The increase on the previous year is due to the company's greater business volumes and higher revenue. It mostly refers to the cost of Installations & Maintenance and Marketing & Sales, which include the cost of commissions paid to agents and representatives.

The increase in marketing costs in particular is due to the new advertising campaign launched during the year.

Costs to obtain and fulfil contracts amount to €10,300 thousand and €7,601 thousand for the reporting and previous years, respectively.

28. Personnel expenses

This caption of €22,743 thousand comprises additional months' remuneration, accrued holidays, reduced working hours and related costs as well as post-employment benefits. It may be analysed as follows:

€'000	2019/2020	2018/2019
Wages and salaries	16,362	14,365
Social security contributions	4,741	3,912
Employee benefits	1,590	1,116
Other costs	49	42
Total	**22,743**	**19,436**

The company's average workforce numbers 445, an increase of 60 on the previous year.

29. Other operating costs

Other operating costs amount to €2,111 thousand and mostly comprise prior year expense of €881 thousand, sector association membership fees of €292 thousand, VAT on self-invoices for gifts (€252 thousand), contract fines (€152 thousand) and donations (€114 thousand).

30. Depreciation and amortisation

This caption of €67,904 thousand comprises amortisation of intangible assets of €5,511 thousand, depreciation of property, plant and equipment of €50,207 thousand, and depreciation of right-of-use assets of €12,186 thousand. More information is available in notes 5, 6 and 7.

31. Impairment losses on non-current assets

This caption amounts to €1,364 thousand (€2,253 thousand for 2018/2019) and includes impairment losses on property, plant and equipment, mostly due to their technological obsolescence.

32. Impairment losses on trade receivables and other financial assets

This caption of €1,268 thousand (€1,514 thousand for 2018/2019) includes accruals for credit losses.

More information is available in note 35.

33. Net financial expense

Financial income and expense are as follows:

€'000	2019/2020	2018/2019
Financial income	337	312
Financial expense	(5,287)	(5,132)
Net financial expense	**(4,950)**	**(4,820)**

Financial income is mostly comprised of exchange gains amounting to €336 thousand (€310 thousand for the previous year).

Financial expense includes interest expense on leases of €2,552 thousand (€2,049 thousand for the previous year), interest expense on loans of €2,232 thousand (€1,515 thousand for the previous year) and exchange losses of €283 thousand (€864 thousand for the previous year).

34. Income taxes

This caption may be analysed as follows:

€'000	2019/2020	2018/2019	Variation
Current taxes			
Current taxes	280	280	—
Changes in estimates related to prior years	—	—	—
Deferred taxes			
Origination and reversal of temporary differences	(683)	(2,325)	(1,642)
Recognition of tax effect of previously unrecognised tax losses	—	—	—
Recognition (reversal) of deductible temporary differences not recognised in previous years	—	—	—
Total	**(403)**	**(2,045)**	**(1,642)**

A reconciliation between the effective and theoretical tax expense is as follows:

€'000		2019/2020	2018/2019
Profit (loss) before tax		**2,768**	**(2,568)**
Theoretical tax benefit (expense) calculated using enacted rates	24%	*(664)*	*616*
Effect of:			
- IRAP		(280)	(280)
- Deductible temporary differences		212	129
- Taxable temporary differences		(806)	(845)
- Deductible permanent differences		2,318	2,185
- Taxable permanent differences		(736)	(390)
Total current tax expense		(280)	(280)
- Change in deferred tax assets on tax losses		323	647
- IFRS FTA		(234)	962
- *Effective tax expense*			
- Current taxes	10.1%	(280)	(280)
- Net deferred tax rate/expense	-24.7%	683	2,325
Total effective tax expense		**403**	**2,045**
Effective tax rate/expense	**-14.6%**	**403**	**2,045**

35. Financial instruments - Fair values and risk management

The following table shows the carrying amount and fair value of financial assets and liabilities:

	31/03/2020		31/03/2019		01/04/2018	
€'000	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Other financial assets	617	617	465	465	538	538
Trade receivables	9,365	9,365	9,821	9,821	8,893	8,893
Other assets	8,875	8,875	11,269	11,269	17,420	17,420
Cash and cash equivalents	37,766	37,766	12,380	12,380	7,539	7,539
Non-derivative financial assets	**56,623**	**56,623**	**33,935**	**33,935**	**34,390**	**34,390**
Loans	97,541	97,541	59,323	59,323	39,712	39,712
Bank loans and borrowings	22,678	22,678	19,053	19,053	6,386	6,386
Trade payables	40,355	40,355	40,409	40,409	36,174	36,174
Other liabilities	49,890	49,890	47,637	47,637	47,435	47,435
Non-derivative financial liabilities	**210,464**	**210,464**	**166,422**	**166,422**	**129,706**	**129,706**
Derivatives	243	243	1,034	1,034	436	436
Derivative financial liabilities	**243**	**243**	**1,034**	**1,034**	**436**	**436**
Lease liabilities	71,233	71,233	62,644	62,644	47,712	47,712
Lease liabilities	**71,233**	**71,233**	**62,644**	**62,644**	**47,712**	**47,712**

The company uses the following methods and main assumptions to determine the fair value of financial instruments:

- non-derivative financial assets: their fair value is estimated using the expected cash flows discounted at the reporting-date market interest rate. Their fair value is the same as their carrying amount as it is already net of impairment losses;
- loans and bank loans and borrowings: they bear floating interest rates and, therefore, there are no significant differences between their carrying amount and fair value, also because they are presented net of the related cost;

- trade payables and other liabilities: their fair value is estimated using the expected cash flows discounted at the reporting-date market interest rate. Their carrying amount is a reasonable approximation of their fair value;
- derivative financial liabilities: their fair value equals the present value of the expected cash flows estimated using observable market parameters, compared to the prices of the counterparty financial intermediary.

Fair value hierarchy

There are three levels:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and if there is no principal market, the most advantageous market for the asset or liability shall be identified;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Instruments included in Level 2 are assets and liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals;
- Level 3: inputs that are unobservable for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that Level 2 inputs are not available.

Derivative financial liabilities are recognised at Level 2 fair value. The carrying amount of the company's other financial assets and liabilities, calculated as described above, is a reasonably approximation of their fair value.

Financial risk management

The company has exposure to the following risks arising from financial instruments:

- market risk: interest rate risk and currency risk;
- liquidity risk;
- credit risk.

The company's board of directors has overall responsibility for its risk appetite and risk appetite framework.

The company's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Interest rate risk

The risk of adverse changes in interest rates on the currency markets mostly relates to the non-current credit facilities agreed in the previous year.

The related agreement establishes an interest rate equal to the 3-month EURIBOR for the drawn-down amounts.

Given the type of credit facilities and market trends, the company has not deemed it necessary to enter into hedges to mitigate or eliminate this risk.

It is not obliged to do so under the terms of the loan agreements.

The following table shows only financial liabilities with floating interest rates, using the same classification as that of note 16:

€'000	31/03/2020	31/03/2019	01/04/2018
Non-current loans			
Loan with final repayment in June 2023, interest rate of Euribor + 2.42%	—	38,721	39,286
Loan with final repayment in June 2023, interest rate of Euribor + 2.42%	—	13,770	—
Loan with final repayment in July 2018, interest rate of Euribor + 1.50%	—	—	86
Loan with final repayment in July 2018, interest rate of Euribor + 1.35%	—	—	537
Loan with final repayment in October 2018, interest rate of Euribor + 0.5%	—	—	900
Loan with final repayment in July 2021, interest rate of Euribor + 2.45%	—	4,675	—
Loan with final repayment in December 2021, interest rate of Euribor + 1.95%	—	10,000	—
Loan with final repayment in December 2024, interest rate of Euribor + 2.40% (capex)	8,658	—	—
Loan with final repayment in December 2024, interest rate of Euribor + 2.40% (refinancing)	82,874	—	—
Shareholder loan with final repayment in January 2025, interest rate of Euribor + 2.90%	10,000	1,425	1,425
Current loans and borrowings	**865**	**2,158**	**1,431**
Total floating rate financial liabilities	**102,397**	**70,749**	**43,665**

Had the interest rates been 1% higher at the reporting date, the company's equity and profit for the year would have been respectively lower or higher, net of the related tax, by approximately €1 million. Moreover, the company has not considered potential extreme circumstances that cannot reasonably be foreseen.

The company does not measure any financial assets or liabilities at fair value through profit or loss (FVTPL) nor does it designate derivatives as fair value hedges.

Currency risk

Trade receivables are not exposed to currency risk as the related transactions solely take place in Euros.

While the company undertakes transactions with suppliers in foreign currency, the amounts involved are immaterial and, therefore, it is not significantly exposed to currency risk for its trade payables

The company's exposure to currency risk is as follows:

	31/03/2020		31/03/2019		01/04/2018	
€'000	€	USD	€	USD	€	USD
Trade payables	**1,310**	**1,436**	**7,731**	**8,735.0**	**7,616**	**9,437**

The following significant exchange rates have been applied:

	Average annual rate			Closing rate		
	2019/2020	2018/2019	2017/2018	31/03/2020	31/03/2019	01/04/2018
USD	1.1112	1.1583	1.1710	1.0956	1.1235	1.2321

Had the above currencies appreciated or depreciated by 10%, the company's equity and profit for the year would have increased/decreased by approximately €130 thousand, net of the related tax.

This sensitivity analyses assumes that all the other variables, specifically interest rates, would not change and it does not consider the effect of planned sales and purchases.

Liquidity risk

Cash flows generated by operating activities are held in the company's current accounts with major banks and possibly invested in low-risk short-term instruments, whose yield is linked to changes in interest rates.

The treasury department closely monitors the company's net financial position to manage and optimise its commitments with suppliers and banks.

The company manages its liquidity effectively by using the most suitable sources of funding for its needs.

The unused available credit facilities at 31 March 2020 are:

- capex facility: €40,000 thousand available upon request depending on the company's need to make investments to achieve its business plan;
- advances of €11,500 thousand on SDD collections. The advances are available before the bank has checked collection;
- import financing of €4,303 thousand. The bank pays the foreign supplier upon receipt of the invoice in Euros or foreign currency in advance;
- short-term loans of €1,000 thousand to cover temporary liquidity requirements.

In addition to the above facilities, the banks have provided guarantees for a total of €6,087 thousand at the reporting date, including €5,000 thousand to Intracom S.A. for the purchase of radio antennas.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

01/04/2018		**Contractual cash flows**			
€'000	**Carrying amount**	**Total**	**within one year**	**2–5 years**	**after 5 years**
Non-derivative financial liabilities					
Loans	39,712	47,824	4,425	43,399	
Other bank loans and borrowings	6,386	6,386	6,386	—	—
Trade payables	36,174	36,174	36,174	—	—
Other liabilities	47,435	47,040	33,280	10,674	3,087
	129,706	**137,423**	**80,265**	**54,073**	**3,087**
Derivative financial liabilities					
Derivatives	436	436	3	433	—
	436	**436**	**3**	**433**	**—**
Lease liabilities					
Lease liabilities	47,712	52,200	8,570	30,905	12,725
	47,712	**52,200**	**8,570**	**30,905**	**12,725**

31/03/2019			**Contractual cash flows**		
€'000	**Carrying amount**	**Total**	**within one year**	**2–5 years**	**after 5 years**
Non-derivative financial liabilities					
Loans	59,323	78,691	15,734	62,957	—
Other bank loans and borrowings	19,053	19,053	19,053	—	—
Trade payables	40,409	40,409	40,409	—	—
Other liabilities	47,637	47,637	36,457	7,369	3,811
	166,422	**185,790**	**111,653**	**70,326**	**3,811**
Derivative financial liabilities					
Derivatives	1,034	1,034	817	—	217
	1,034	**1,034**	**817**	**—**	**217**
Lease liabilities					
Lease liabilities	62,644	73,383	15,862	40,158	17,363
	62,644	**73,383**	**15,862**	**40,158**	**17,363**

31/03/2020			**Contractual cash flows**		
€'000	**Carrying amount**	**Total**	**within one year**	**2–5 years**	**after 5 years**
Non-derivative financial liabilities					
Loans	97,541	112,919	7,017	105,902	—
Other bank loans and borrowings	22,678	22,678	22,678	—	—
Trade payables	40,355	44,628	44,628	—	—
Other liabilities	49,890	49,890	40,689	4,747	4,454
	210,464	**230,115**	**115,012**	**110,649**	**4,454**
Derivative financial liabilities					
Derivatives	243	243	—	—	243
	243	**243**	**—**	**—**	**243**
Lease liabilities					
Lease liabilities	71,233	78,705	17,661	43,683	17,361
	71,233	**78,705**	**17,661**	**43,683**	**17,361**

Cash inflows and outflows shown in the above table reflect the undiscounted contractual cash flows of derivative financial liabilities held for risk management purposes, which are not usually extinguished before the related contract expires.

Interest to be paid on floating rate loans shown in the table is calculated using reporting-date market rates, which may fluctuate. Future cash flows of contingent consideration and derivatives could differ from the amounts presented above if the interest or exchange rates or the conditions of the underlying change.

Excluding these financial liabilities, the cash flows are not expected to take place before the expected date or for significantly different amounts.

Credit risk

Credit risk related to non-business customers is minimal as payments are made in advance. With respect to business customers, the company checks its trade receivables at each reporting date to identify any objective evidence of impairment due to events that have taken place since their initial recognition. It considers whether the customer has significant financial difficulties, demonstrated by its inability to make payments or the possible commencement of court-approved creditors settlement procedures. The loss allowance always matches the trade receivables' expected lifetime losses.

All the trade receivables are due from Italian customers.

There is no significant concentrations with single customers.

Impairment

The company has a loss allowance to cover estimated losses on trade receivables and other assets, which it tests for impairment individually (when the amounts involved are significant) or collectively (on groups of similar assets for unidentified losses). Trade receivables are broken down by ageing bracket in the following table:

€'000	31/03/2020 Carrying amount	31/03/2020 Loss allowance	31/03/2019 Carrying amount	31/03/2019 Loss allowance	01/04/2018 Carrying amount	01/04/2018 Loss allowance
Not yet due	5,484	79	4,822	19	3,888	28
0–60 days past due	1,815	631	3,130	938	2,544	19
61–180 days past due	740	91	943	5	739	8
181–360 days past due	1,211	257	1,354	9	678	15
> 360 days past due	3,285	2,113	1,662	1,119	1,044	648
Total	**12,535**	**3,170**	**11,911**	**2,090**	**8,893**	**718**

Changes in the loss allowance for trade receivables are shown below:

€'000	2019/2020	2018/2019
Opening balance	**2,090**	**718**
Utilisations	(188)	(142)
Accruals	1,268	1,514
Closing balance	**3,170**	**2,090**

The company checks whether the trade receivables are recoverable based on the present value of the discounted cash flows. The loss allowance is always equal to the lifetime expected credit losses. The company considers reasonable and supportable information which is relevant and available. This includes quantitative and qualitative information and analyses, based on past experience, of the trade receivables as well as forward-looking information.

The company regularly checks its exposure to credit risk arising from trade receivables and takes suitable mitigation actions when necessary. Specifically, its policies provide that it sends reminders or collection notices for past-due receivables. These actions are considered when calculating the loss allowance.

The loss allowance for cash and cash equivalents is measured at an amount equal to 12-month expected credit losses. These impairment losses are calculated on short-term exposures. The company considers the credit risk related to its cash and cash equivalents to be low given its banks' credit ratings. It has not recognised impairment losses on other non-derivative financial assets (trade receivables) during the year.

36. Related parties

The company's related parties are its key management personnel, its parent and other related parties as defined below.

The tables show the total balances for related party transactions performed in 2018/2019 and 2019/2020.

Key management personnel's remuneration

The remuneration of the directors and key management personnel is shown below:

€'000	2019/2020	2018/2019
Directors' fees	785	785
Short-term employee benefits	1,657	1,540
Termination benefits	78	50
LTIP	378	168
Total	**2,898**	**2,543**

In addition to their salaries, the company provides key management personnel with post-employment benefits and a long-term incentive plan (LTIP).

Transactions with the parent and other related parties

Transactions with the parent and other related parties, identified using the criteria set out in IAS 24 - Related party disclosures, are mostly of a trading nature.

The other related parties are mainly companies of the ELMEC Group and Searchlight Capital Partners EPC UK Limited.

The table below shows transactions performed with the parent and other related parties in 2018/2019 and 2019/2020. The terms and conditions of these transactions were not more favourable than those available, or which might reasonably be expected to be available, in similar transactions with third parties on an arm's length basis.

€'000	31/03/2020	
	Parent	Other related parties
Intangible assets	—	40
Property, plant and equipment	—	115
Right-of-use assets	—	475
Trade receivables	—	6
Other assets	648	—
Bank loans and borrowings and other financial liabilities	10,000	—
Lease liabilities		419
Trade payables	—	737
Other liabilities	60	—
Revenue	—	2,282
Purchases of materials and services	—	958
Financial expense	60	—

€'000	31/03/2019	
	Parent	Other related parties
Property, plant and equipment	—	335
Trade receivables	—	78
Bank loans and borrowings and other financial liabilities	1,425	—
Trade payables	—	304
Revenue	—	2,607
Purchases of materials and services	—	637

€'000	01/04/2018	
	Parent	Other related parties
Trade receivables	4	46
Bank loans and borrowings and other financial liabilities	1,425	
Trade payables	56	276

At 31 March 2020, transactions with the parent include the shareholder loan of €10 million.

At the same date, transactions with other related parties mostly relate to the sale of connectivity services and the purchase of IT materials and software licences from and to the ELMEC Group companies.

37. Directors' and statutory auditors' fees

Fees paid to the directors and statutory auditors, included in the remuneration of the key management personnel presented in the section on related parties, are as follows:

€'000	2019/2020	2018/2019
Directors	785	785
Statutory auditors	55	56
Total	**840**	**841**

38. Contingent liabilities

The company and some of its employees are involved in an ongoing criminal proceeding with respect to the liability of entities under Legislative decree no. 231/2001. The proceeding started with a report filed by a competitor, Linkem S.p.A., on 14 October 2016, alleging theft (article 624.2 of the Criminal Code), fraud (article 640.2.1 of the Criminal Code) and disruption of the freedom of trade or industry (article 513 of the Criminal Code). On 25 July 2019, the public prosecutor requested that the crime covered by article 513 of the Criminal Code be dismissed. None of the parties allegedly injured by that crime has opposed the request for its dismissal although they were regularly informed of this as per article 408 of the Criminal Code.

As no oppositions have been received, the preliminary investigation judge referred to the arguments presented in the precautionary attachment order and ordered the dismissal of the allegation about the disruption of the freedom of trade and industry "as there is no case to answer". On 9 July 2019, the amount of €3,537,074.09, which had been subjected to precautionary attachment in December 2018, was credited to one of the company's bank accounts.

In addition, based on its internal checks and its legal counsel's advice, the company does not deem that probable risks do not currently exist that would require it to set up a specific provision.

39. Government grants

Pursuant to Law no. 124/2017 and the related simplification introduced by article 3-quater.2 of Decree law no. 135/2018, it is noted that the company received public assistance as recorded in the national state aid register.

40. Events after the reporting date

The company participated in the procedure to request reimbursement of the costs incurred by companies to purchase PPE specifically to contain and curb the diffusion of Covid-19 and received €143,740.95 on 8 July 2020.

41. Transition to the IFRS

As already specified in note 3, the financial statements at 31 March 2020 are the first prepared by the company in accordance with the IFRS.

It has applied the accounting policies described in note 4 to prepare its financial statements at 31 March 2020, the comparative figures as at 31 March 2019 and for the year then ended and the opening IFRS statement of financial position at 1 April 2018 (date of transition to the IFRS). The opening IFRS statement of financial position at 1 April 2018 presents the adjusted figures from its financial statements prepared in accordance with the OIC (the previously-applied reporting standards). This note discloses the effects of the transition from the OIC to the IFRS on the company's financial position, financial performance and cash flows.

In addition, as required by IFRS 1 - First-time adoption of International Financial Reporting standards, the company has referred to IFRS 1.IG.63 to present a reconciliation between the amounts determined in accordance with the OIC and those redetermined in accordance with the IFRS both at the date of transition (1 April 2018) and 31 March 2019 together with notes explaining the adjustments. Specifically, it prepared:

- a reconciliation of the OIC and IFRS statements of financial position as at 1 April 2018 and 31 March 2019;
- a reconciliation of the OIC and IFRS statements of profit or loss and other comprehensive income for the year ended 31 March 2019;
- a reconciliation of the OIC and IFRS equity as at 1 April 2018 and 31 March 2019;
- the company's accounting policies, which show its elections in applying the IFRS;
- notes to the reconciliation schedules.

(a) Basis of preparation of the financial statements restated in accordance with the IFRS

(a.1) Introduction

The company's financial statements, restated in accordance with the IFRS, have been derived from the financial statements drawn up under the OIC, which have been adjusted and reclassified to reflect the differences in the presentation, recognition and measurement of captions required by the IFRS.

Specifically, the adjustments to ensure compliance with the IFRS in force at 31 March 2020 (IFRS first reporting date) were applied to the opening statement of financial position as at 1 April 2018 (the date of transition to the IFRS) and the financial statements at 31 March 2019 (comparative period), unless stated otherwise.

The transition to the IFRS is effectively a change in accounting policies and, therefore, as required by IFRS 1, its effects are presented in opening equity at the date of transition (1 April 2018). The company has complied with all the standards when preparing these financial statements.

(a.2) First-time adoption of the IFRS

The company has prepared its opening statement of financial position at the date of transition to the IFRS (1 April 2018) in accordance with IFRS 1.10, except for the exceptions and exemptions provided for by the same standard and detailed later in this section, by:

- recognising all assets and liabilities whose recognition is required by the IFRS;
- not recognising items as assets or liabilities if the IFRS do not permit such recognition;
- reclassifying items that it recognised in accordance with the OIC as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with the IFRS;
- applying the IFRS in measuring all recognised assets and liabilities.

The company has elected to restate the opening statement of financial statement as at 1 April 2018 and the financial statements at 31 March 2019 as follows: (a) assets and liabilities are recognised as current or non-current; (b) costs are classified by nature in the statement of profit or loss and other comprehensive income; (c) cash flows are presented using the indirect method.

(a.3) Application of exceptions

The company has considered all exceptions provide for by IFRS 1 as set out below:

<u>(1) Estimates</u>

The company's estimates at the date of transition to the IFRS (1 April 2018) and at 31 March 2019 are consistent with the estimates made for the same dates in accordance with the OIC, except when the estimates and related disclosures in accordance with the OIC are no longer relevant due to the company's adoption of different accounting policies with its transition to the IFRS. In this case, the estimates were not updated to reflect information received subsequently. Changes in estimates that are appropriate are recognised prospectively.

(2) Classification and measurement of financial instruments, derecognition of financial assets and financial liabilities, impairment losses on financial assets

The company has applied IFRS 9 prospectively from the date of transition to the IFRS (1 April 2018).

(3) Embedded derivatives

The company has assessed whether to separate embedded derivatives from their host contracts and account for them as derivatives based on the conditions that existed at the more recent of the following two dates: the date on which the company became a party to the contract and the date of any change in the contract terms that significantly modifies the contract's cash flows. It concluded that it did not have embedded derivatives that needed to be separated from their host contracts.

(4) Government grants

At 1 April 2018 and 31 March 2019, the company had not received government grants. Therefore, this exception was not applicable.

(5) Hedge accounting

At 1 April 2018 and 31 March 2019, the company did not have transactions that would qualify for hedge accounting under the IFRS.

(6) Non-controlling interests

At 1 April 2018 and 31 March 2019, the company did not have business combinations with non-controlling interests carried out in previous years. Therefore, this exception was not applicable.

(7) Assets and liabilities of subsidiaries, associate and joint ventures and assets and liabilities of the parent

The parent, Cometa S.p.A., adopted the IFRS on 1 April 2018 (date of transition of its subsidiary to the IFRS).

(8) Investment entities

The company is not an investment entity and, therefore, this exception was not applicable.

(a.4) Application of exemptions

The company considered all the exemptions provided for by IFRS 1 as set out below:

(1) Revenue

The company has applied IFRS 15 retrospectively, recognising the cumulative effects in opening equity at the date of initial application (1 April 2018 - the date of transition to the IFRS), without using any of the practical expedients provided for by IFRS 15.C5.

(2) Contracts that contain a lease

The company has applied IFRS 16 retrospectively and, therefore, it recognised the cumulative effect of its adoption on 1 April 2018 (the date of transition) by recognising additional right-of-use assets and lease liabilities.

(3) Other exemptions

After considering the other exemptions granted by IFRS 1, the company found that they were not applicable to its statements of financial position as at 1 April 2018 and 31 March 2019.

(b) IFRS impacts on the statements of financial position as at 1 April 2018 and 31 March 2019 and on the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 March 2019

Due to the differences between the IFRS and the OIC and the company's elections under the IFRS, as described in the previous paragraph, it has restated the figures presented under the OIC, which has affected equity and the comprehensive income (expense) as shown in the following tables.

The statements of financial position as at 1 April 2018 and 31 March 2019 and the statement of profit or loss and other comprehensive income and significant adjustments made to the statement of cash flows for the year ended 31 March 2019 are presented in the following pages.

The statement of financial position and the statement of profit or loss and other comprehensive income show the following for each caption:

- the carrying amount determined in accordance with the OIC and reclassified under the IFRS;
- the IFRS adjustments, including the reclassifications arising from the application of IFRS 16 and IFRS 15;
- the IFRS carrying amount.

41.1 Reconciliation of the statements of financial position as at 1 April 2018 and 31 March 2019

			31/03/2019			01/04/2018	
(€)	Note	OIC	Adjustments	IFRS	OIC	Adjustments	IFRS
Assets							
Intangible assets	41.5.a	30,546,911	(16,555,811)	13,991,100	28,136,960	(15,529,277)	12,607,684
Property, plant and equipment	41.5.b	151,399,941	(1,654,998)	149,744,943	119,805,361	(2,231,120)	117,574,241
Right-of-use assets	41.5.c	—	82,686,027	82,686,027	—	67,879,953	67,879,953
Contract costs	41.5.d	—	4,593,658	4,593,658	—	3,061,759	3,061,759
Other financial assets		464,689	—	464,689	537,847	—	537,847
Deferred tax assets	41.5.e	2,820,832	(890,650)	1,930,182	1,457,518	(1,457,518)	—
Non-current assets		**185,232,373**	**68,178,226**	**253,410,600**	**149,937,686**	**51,723,797**	**201,661,483**
Trade receivables	41.5.f	10,745,657	(925,000)	9,820,657	8,893,239	—	8,893,239
Other assets	41.5.g	20,575,894	(9,306,416)	11,269,478	22,042,117	(4,622,306)	17,419,812
Current tax assets		175,183	—	175,183	—	—	—
Cash and cash equivalents		12,380,155	—	12,380,155	7,539,429	—	7,539,429
Current assets		**43,876,889**	**(10,231,416)**	**33,645,473**	**38,474,785**	**(4,622,306)**	**33,852,480**
Total assets		**229,109,262**	**57,946,811**	**287,056,073**	**188,412,472**	**47,101,491**	**235,513,963**
Equity							
Share capital	41.3	10,000,000	—	10,000,000	10,000,000	—	10,000,000
Share premium	41.3	25,000,000	—	25,000,000	25,000,000	—	25,000,000
Legal reserve	41.3	1,008,641	—	1,008,641	642,947	—	642,947
Other reserves	41.3	306,950	27,277	334,227	306,950	208,748	515,698
Profit (loss) for the year	41.3	2,835,221	(3,357,481)	(522,260)	7,313,889	—	7,313,889
Retained earnings	41.3	21,135,400	—	21,135,400	14,187,205	—	14,187,205
Total equity		**60,286,212**	**(3,330,204)**	**56,956,008**	**57,450,991**	**208,748**	**57,659,739**

(€)	Note	31/03/2019 OIC	31/03/2019 Adjustments	31/03/2019 IFRS	01/04/2018 OIC	01/04/2018 Adjustments	01/04/2018 IFRS
Liabilities							
Bank loans and borrowings and other financial liabilities		59,322,928	—	59,322,928	39,711,649	—	39,711,649
Lease liabilities	41.5.c	—	49,085,060	49,085,060	—	37,991,765	37,991,765
Derivatives		1,034,070	—	1,034,070	436,289	—	436,289
Provisions	41.5.h	205,209	533,847	739,056	217,364	505,467	722,832
Employee benefits	41.5.i	2,609,726	618,473	3,228,199	2,064,181	277,725	2,341,907
Other liabilities		7,212,904	—	7,212,904	10,695,865	—	10,695,865
Deferred tax liabilities	41.5.e	—	—	—	—	395,085	395,085
Non-current liabilities		**70,384,837**	**50,237,380**	**120,622,217**	**53,125,349**	**39,170,043**	**92,295,391**
Bank loans and borrowings and other financial liabilities		19,053,194	—	19,053,194	6,385,548	—	6,385,548
Lease liabilities	41.5.c	—	13,558,981	13,558,981	—	9,720,475	9,720,475
Trade payables	41.5.j	45,202,220	(4,793,174)	40,409,046	38,904,064	(2,730,374)	36,173,690
Contract liabilities	41.5.k	21,625,647	2,273,828	23,899,475	19,443,969	732,599	20,176,568
Employee benefits		3,781,292	—	3,781,292	3,043,529	—	3,043,529
Other liabilities		8,775,861	—	8,775,861	7,611,415	—	7,611,415
Current tax liabilities		—	—	—	2,447,607	—	2,447,607
Current liabilities		**98,438,213**	**11,039,635**	**109,477,848**	**77,836,132**	**7,722,700**	**85,558,832**
Total liabilities		**168,823,050**	**61,277,015**	**230,100,065**	**130,961,481**	**46,892,743**	**177,854,224**
Total liabilities and equity		**229,109,262**	**57,946,811**	**287,056,073**	**188,412,472**	**47,101,491**	**235,513,963**

41.2 Reconciliation of the statement of profit or loss and other comprehensive income for the year ended 31 March 2019

(€)	Note	OIC	2018/2019 Adjustments	IFRS
Continuing operations				
Revenue	41.5.l	125,520,072	(865,759)	124,654,313
Other income	41.5.m	5,472,790	(346,063)	5,126,727
Internal work capitalised		362,521	—	362,521
Purchases of materials and services	41.5.n	(58,303,913)	9,390,269	(48,913,644)
Personnel expenses	41.5.o	(19,308,190)	(127,848)	(19,436,038)
Other operating costs	41.5.p	(1,047,307)	(20,942)	(1,068,249)
Depreciation and amortisation	41.5.q	(45,374,763)	(9,332,184)	(54,706,947)
Impairment losses on non-current assets		(2,252,872)	—	(2,252,872)
Impairment losses on trade receivables and other financial assets	41.5.r	(588,746)	(925,000)	(1,513,746)
Operating profit		**4,479,592**	**(2,227,527)**	**2,252,066**
Financial income		312,439	—	312,439
Financial expense	41.5.s	(3,040,401)	(2,091,907)	(5,132,309)
Net financial expense		**(2,727,962)**	**(2,091,907)**	**(4,819,870)**
Profit (loss) before tax		**1,751,630**	**(4,319,434)**	**(2,567,804)**
Income taxes	41.5.t	1,083,591	961,953	2,045,544
Profit (loss) for the year		**2,835,221**	**(3,357,481)**	**(522,260)**

(€)	Note	OIC	2018/2019 Adjustments	IFRS
Other comprehensive income				
Items that will not be reclassified to profit or loss		**—**	**(181,472)**	**(181,472)**
Net actuarial losses on defined benefit plans	41.3.i	—	(181,472)	(181,472)
Items that are or may be reclassified to profit or loss		**—**	**—**	**—**
Other comprehensive expense for the year, net of tax		**—**	**(181,472)**	**(181,472)**
Total comprehensive income (expense)		**2,835,221**	**(3,538,953)**	**(703,732)**

41.3 Reconciliation of equity as at 1 April 2018 and 31 March 2019

(€)	Equity 01/04/2018	Profit or loss	Other comprehensive expense	Equity 31/03/2019
OIC balances	**57,450,991**			**60,286,212**
IFRS adjustments				
IFRS 2, share-based payment plans	—	(167,781)	—	(167,781)
IFRS 9, loss allowance	—	(925,000)	—	(925,000)
IFRS 15, revenue	(732,601)	(1,541,230)	—	(2,273,831)
IFRS 15, contract costs (commissions)	1,656,089	(1,422,527)	—	233,562
IFRS 16, leases	—	(725,718)	—	(725,718)
IAS 16, capitalisation of directly attributable costs	1,441,935	502,218	—	1,944,154
IAS 19, post-employment benefits	(277,725)	8,505	(181,472)	(450,692)
IAS 37, restoration costs	—	(63,711)	—	(63,711)
IAS 38, non-capitalisable costs	(26,346)	15,808	—	(10,538)
Tax effect	(1,852,603)	961,953		(890,650)
Total IFRS adjustments	**208,750**	**(3,357,481)**	**(181,472)**	**(3,330,203)**
IFRS balances	**57,659,739**	**(3,357,481)**	**(181,472)**	**56,956,008**

41.4 Significant adjustments made to the statement of cash flows

As a result of the application of IFRS 16, the lease payments (principal) are recognised under cash flows from financing activities (€11,405 million). As allowed by IAS 7, the company elected to also recognise the related interest payments under cash flows from financing activities.

There are no other significant adjustments between the statement of cash flows presented under the IFRS and that prepared under the OIC.

41.5 Notes to the reconciliation schedules

a. Intangible assets

The IFRS adjustments to intangible assets are shown below:

€'000	31/03/2019	01/04/2018
OIC balances	**30,547**	**28,137**
Costs that cannot be capitalised	(11)	(26)
IFRS 16 reclassifications	(16,546)	(15,503)
IFRS balances	**13,991**	**12,608**

(i) Costs that cannot be capitalised

Under the OIC, in certain cases, start-up costs can be recognised with the consent of the board of statutory auditors at cost, net of accumulated amortisation calculated on a systematic basis. Under the IFRS, the cost of starting up new operations or new products or processes may not be capitalised.

Therefore, the company derecognised them from intangible assets generating:

- a decrease of €26 thousand and €11 thousand in intangible assets and equity at 1 April 2018 and 31 March 2019, respectively;
- a decrease of €16 thousand in amortisation for the year ended 31 March 2019.

(ii) IFRS 16 reclassifications

The caption includes the reclassification of right-of-use assets of €15,503 thousand and €16,546 thousand at 1 April 2018 and 31 March 2019, respectively.

The reclassifications to right-of-use assets relate to:

- costs paid to obtain multi-year rights to use fibre optic sections (dark fibre IRU);
- costs paid in advance to place EOLO equipment for the reception and transmission of radio signals and the regeneration of fibre optic connections in third party sites.

(b) Property, plant and equipment

The IFRS adjustments to property, plant and equipment are shown below:

€'000	31/03/2019	01/04/2018
OIC balances	**151,400**	**119,805**
IAS 16 capitalisation of directly attributable costs	1,944	1,442
IAS 37 restoration costs	470	505
IFRS 16 reclassifications	(4,069)	(4,178)
IFRS balances	**149,745**	**117,574**

(i) Capitalisation of directly attributable costs

Under IAS 16, the costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management can be capitalised.

Therefore, the company has capitalised these costs under property, plant and equipment generating:

- an increase of €1,442 thousand and €1,944 thousand in property, plant and equipment and equity at 1 April 2018 and 31 March 2019, respectively;
- an increase of €543 thousand in depreciation for the year ended 31 March 2019;
- a decrease of €1,045 thousand in the cost of purchasing materials and services for the year ended 31 March 2019.

(ii) Restoration costs

The cost of an item of property, plant and equipment under IAS 16 includes the cost of dismantling and removing the item and restoring the site on which it is located when it has a legal or construction obligation to do so. The related liability is provided for in a provisions for risks and charges at its present value. The capitalised cost is expensed over the useful life of the item of property, plant and equipment (10 years) through its depreciation.

Therefore, the company has recognised the carrying amount of these costs included under property, plant and equipment generating:

- an increase of €505 thousand and €470 thousand in property, plant and equipment at 1 April 2018 and 31 March 2019, respectively;
- a decrease of €52 thousand in equity at 31 March 2019 without affecting equity at 1 April 2018, the date of initial application;
- an increase of €52 thousand in depreciation for the year ended 31 March 2019;

(iii) IFRS 16 reclassifications

The caption includes the reclassification of right-of-use assets of €4,178 thousand and €4,069 thousand at 1 April 2018 and 31 March 2019, respectively.

The reclassifications to right-of-use assets relate to:

- costs paid in advance to use third party spaces;
- incremental costs, upgrading of the physical space of third parties, already capitalised under property, plant and equipment.

c. Right-of-use assets and lease liabilities

The IFRS adjustments to right-of-use assets and lease liabilities are shown below:

Right-of-use assets

€'000	31/03/2019	01/04/2018
OIC balances	—	—
Application of IFRS 16	57,125	44,982
Reclassification from intangible assets	16,546	15,503
Reclassification from property, plant and equipment	4,069	4,178
Reclassification from other assets—prepayments	4,946	3,217
IFRS balances	**82,686**	**67,880**

Lease liabilities

€'000	31/03/2019	01/04/2018
OIC balances	—	—
Application of IFRS 16	57,851	44,982
Reclassification of invoices to be received and trade payables	4,793	2,730
IFRS balances	**62,644**	**47,712**

In accordance with IFRS 16, the company recognises right-of-use assets and lease liabilities in its statement of financial position. The right-of-use asset is initially recognised at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The company measures the lease liability at the present value of the lease payments that are not paid at the commencement date. The company has applied IFRS 16 using the modified retrospective method and, therefore, the cumulative effect of its application was recognised at 1 April 2018 with the recognition of right-of-use assets and other lease liabilities.

Accordingly, the company has recognised:

- right-of-use assets of €67,880 thousand and €82,686 thousand at 1 April 2018 and 31 March 2019, respectively;
- lease liabilities of €47,712 thousand and €62,644 thousand at 1 April 2018 and 31 March 2019, respectively;
- a decrease of €726 thousand in equity at 31 March 2019 without affecting equity at 1 April 2018;
- depreciation and amortisation of €10,805 thousand (including reclassifications to intangible assets described in notes "*a, Intangible assets*" and "*b, Property, plant and equipment*");
- interest expense of €2,049 thousand.

Reference should be to made to the notes "*a, Intangible assets*", "*b, Property, plant and equipment*", "*g, Other assets*" and "*j, Trade payables*" for information about the reclassifications.

d. Contract costs

The IFRS adjustments to contract costs are shown below:

€'000	**31/03/2019**	**01/04/2018**
OIC balances	—	—
IFRS 15 contract costs (commissions)	233	1,656
IFRS 15 reclassification of contract costs (subsequent installation of CPE and commissions)	4,361	1,405
IFRS balances	**4,594**	**3,062**

In accordance with IFRS 16, the incremental costs to obtain a contract (commissions paid to agents and brokers) and costs to fulfil a contract (cost of subsequent installations after the initial installation of the radio transceiver at a new customer—CPE) are deferred over the contract term (24 months).

The company has recognised the carrying amount of these costs generating:

- an increase of €3,062 thousand and €4,594 thousand in contract costs at 1 April 2018 and 31 March 2019, respectively;
- a decrease of €1,405 thousand and €4,361 thousand in other assets at 1 April 2018 and 31 March 2019, respectively;
- an increase of €1,656 thousand and €233 thousand in equity at 1 April 2018 and 31 March 2019, respectively;
- an increase of €1,423 thousand in the cost of services due to the deferral of commissions recognised in profit or loss under the OIC up until December 2017.

e. Deferred tax assets and liabilities

The IFRS adjustments to deferred tax assets and liabilities are shown below:

€'000	**31/03/2019**	**01/04/2018**
OIC balances	**2,821**	**1,458**
IFRS adjustments	(891)	(1,853)
IFRS balances	**1,930**	**(395)**

The effect on deferred tax assets and liabilities is mostly due to the temporary differences related to the application of IFRS 15 and the capitalisation of related costs.

f. Trade receivables

The IFRS adjustments to trade receivables are shown below:

€'000	31/03/2019	01/04/2018
OIC balances	**10,746**	**8,893**
Application of IFRS 9	(925)	—
IFRS balances	**9,821**	**8,893**

In accordance with IFRS 9, the company measures credit losses using the expected credit loss approach. This implies a prospective approach as the estimate of the expected credit losses, determined collectively and individually, is based on reasonable and supportable information that is available without undue cost and does not only include historical and current information but also forward-looking information.

The application of IFRS 9 led to the following adjustments:

- a decrease of €925 thousand in trade receivables and equity at 31 March 2019;
- an increase of €925 thousand in the loss allowance and an impairment loss of the same amount recognised in profit or loss for the year ended 31 March 2019.

g. Other assets

The IFRS adjustments to other assets are shown below:

€'000	31/03/2019	01/04/2018
OIC balances	**20,576**	**22,042**
IFRS 16 reclassifications	(4,946)	(3,217)
IFRS 15 reclassification of contract costs (subsequent installation of CPE and commissions)	(4,361)	(1,405)
IFRS balances	**11,269**	**17,420**

Reference should be made to notes "*c, Right-of-use assets and lease liabilities*" and "*d, contract costs*" for information about the above adjustments.

h. Provisions

The IFRS adjustments to provisions are shown below:

€'000	31/03/2019	01/04/2018
OIC balances	**205**	**217**
IAS 37 restoration costs	534	505
IFRS balances	**739**	**723**

As part of its business activities and in accordance with IAS 37, the company is required to dismantle the infrastructure and restore the site when it has a legal and constructive obligation to do so as per the lease for the areas/buildings on which the equipment is placed after use of the site has been discontinued.

Measurement of the provision for restoration costs is affected by estimates of the unit restoration costs and the inflation/discount rates, which the company is unable to control.

The provision for restoration costs includes the present value of the costs to be incurred to restore the leased sites.

The application of IAS 37 led to the following adjustments:

- an increase of €505 thousand and €534 thousand in the provisions at 1 April 2018 and 31 March 2019, respectively;

- a decrease of €12 thousand in equity at 31 March 2019 and no effect on equity at 1 April 2018, the first of initial recognition;
- an increase of €12 thousand in financial expense for the year ended 31 March 2019.

i. Employee benefits (non-current)

The IFRS adjustments to employee benefits are shown below:

€'000	31/03/2019	01/04/2018
OIC balances	**2,610**	**2,064**
IAS 19 post-employment benefits	451	278
Incentive plan	168	—
IFRS balances	**3,228**	**2,342**

(i) Post-employment benefits

Under IAS 19, the Italian post-employment benefits (TFR) are a defined benefit plan under which the company has an obligation to pay employees benefits when the employment relationship ends, calculated considering their years of service, their remuneration and the inflation rate.

Unlike the practice under the OIC, the related liability is calculated using actuarial techniques that consider when the employees will leave the company, their remuneration over their period of service and the fact that payment of the benefits is deferred (discounting). An independent expert has measured the liability for the defined benefit plan using actuarial techniques.

Therefore, the company has adjusted its future obligation generating:

- an increase in post-employment benefits and a decrease in equity of €278 thousand and €451 thousand at 1 April 2018 and 31 March 2019, respectively;
- a decrease of €40 thousand in personnel expenses at 31 March 2019;
- an increase of €31 thousand in interest expense;
- a decrease of €181 thousand in other comprehensive expense at 31 March 2019.

(ii) Incentive plan

In accordance with IFRS 2, cash-settled share-based payment plans are part of the remuneration package of the beneficiaries. Therefore, the cost, which is the fair value of the instruments, is recognised under "Personnel expenses" over the period from the award date to the vesting date, with an increase in the related liability.

The company remeasures the fair value of the liability at each reporting date and at the date of settlement with any changes in fair value recognised in profit or loss under personnel expenses.

Therefore, the company has reclassified the liability to employee benefits generating:

- an increase in employee benefits and a decrease in equity of €168 thousand at 31 March 2019;
- an increase of €168 thousand in personnel expenses at 31 March 2019.

There are no effects on equity at 1 April 2018 as the incentive plan was approved on 1 September 2018.

j. Trade payables

The IFRS adjustments to trade payables are shown below:

€'000	31/03/2019	01/04/2018
OIC balances	**45,202**	**38,904**
IFRS 16 reclassification	(4,793)	(2,730)
IFRS balances	**40,409**	**36,174**

As required by IFRS 16, trade payable and invoices to be received at 1 April 2018 and 31 March 2019 related to leases were reclassified to current lease liabilities.

k. Contract liabilities

The IFRS adjustments to contract liabilities are shown below:

€'000	**31/03/2019**	**01/04/2018**
OIC balances	**21,626**	**19,444**
IFRS 15	2,274	733
IFRS balances	**23,899**	**20,177**

In accordance with IFRS 15, deferred income on the rendering of services is recognised in "Contract liabilities" in the statement of financial position.

The transaction price is the amount of consideration in a contract with the counterparty, including any promotions, covering the entire contract term. The company has defined the contract term as 24 months, in line with the contract terms defined by the parties.

The company has elected to apply IFRS 15 retrospectively, recognising the cumulative effects in opening equity at the date of initial application (1 April 2018, which is the date of transition to the IFRS).

Application of this standard, especially with regard to the deferral of revenue from the activation of the connectivity service and the recognition timing of any contractually-provided for promotions, led to:

- an increase of €733 thousand and €2,273 thousand in contract liabilities at 1 April 2018 and 31 March 2019, respectively;
- a decrease of €733 thousand and €2,274 thousand in equity at 1 April 2018 and 31 March 2019, respectively;
- a decrease of €1,541 thousand in revenue and other income for the year ended 31 March 2019.

l. Revenue

The IFRS adjustments to revenue are shown below:

€'000	**Year ended March 31, 2019**
OIC balances	**125,520**
IFRS 15	(1,193)
IFRS 16 revenue on exchange of services	327
IFRS balances	**124,654**

Revenue decreases by €1,193 thousand due to the application of IFRS 15 to the company's sales contracts (see note "*j, Contract liabilities*") and increases by €327 thousand for the effect of the depreciation of right-of-use assets with leases settled by the exchange of services between the lessor and the lessee.

m. Other income

The IFRS adjustments to other income are shown below:

€'000	**Year ended March 31, 2019**
OIC balances	**5,473**
IFRS 15	(348)
IFRS 16 net gain on early termination	2
IFRS balances	**5,127**

Other income decreases by €346 thousand due to the application of IFRS 15 to the company's sales contracts (see note "*j, Contract liabilities*") and the early termination of leases as per IFRS 16.

n. Purchases of raw materials and services

The IFRS adjustments to purchases of raw materials and services are shown below:

€'000	Year ended March 31, 2019
OIC balances	**(58,304)**
IFRS 16 transaction costs and contract costs (commissions)	9,390
IFRS balances	**(48,914)**

The cost of raw materials and services increases by €9,390 thousand due to the application of IFRS 16 to the company's leases, the capitalisation of transaction costs and the effect of deferring commissions recognised in profit or loss when paid as per the OIC up until December 2017 (see notes "*c, Right-of use assets and lease liabilities*", "*b, Property, plant and equipment*" and "*d, Contract costs*").

o. Personnel expenses

The IFRS adjustments to personnel expenses are shown below:

€'000	Year ended March 31, 2019
OIC balances	**(19,308)**
Post-employment benefits	40
Incentive plans	(168)
IFRS balances	**(19,436)**

Personnel expenses increase by €128 thousand as a result of:

- a decrease of €40 thousand in the accrual for post-employment benefits (see note "*h, Employee benefits (non-current)*");
- the accrual of €168 thousand for the cash-settled incentive plan (see note "*h, Employee benefits (non-current")*);

p. Other operating costs

The IFRS adjustments to other operating costs are shown below:

€'000	Year ended March 31, 2019
OIC balances	**(1,047)**
IFRS 16 loss on early termination	(21)
IFRS balances	**(1,068)**

Other operating costs decrease by €21 thousand due to the early termination of leases as per IFRS 16.

q. Depreciation and amortisation

The IFRS adjustments to depreciation and amortisation are shown below:

€'000	**Year ended March 31, 2019**
OIC balances	**(45,375)**
IFRS 16 capitalisation of transaction costs and restoration costs	(9,332)
IFRS balances	**(54,707)**

Depreciation and amortisation increase by €9,332 thousand due to the application of IFRS 16 to leases, the capitalisation of transaction costs and depreciation of restoration costs in accordance with IAS 16 (see notes "*b, Property, plant and equipment*" and "*c, Right-of-use assets and lease liabilities*").

r. Impairment losses on trade receivables and other assets

The IFRS adjustments to impairment losses on receivables and other assets are shown below:

€'000	**Year ended March 31, 2019**
OIC balances	**(589)**
IFRS 9	(925)
IFRS balances	**(1,514)**

Impairment losses on trade receivables and other assets increase by €925 thousand (see note "*e, Trade receivables*").

s. Financial expense

The IFRS adjustments to financial expense are shown below:

€'000	**Year ended March 31, 2019**
OIC balances	**(3,040)**
IFRS 16	(2,092)
IFRS balances	**(5,132)**

Financial expense increases by €2,092 thousand as a result of:

- discounting interest of €2,050 thousand on lease liabilities (see note "*c, Right-of-use assets and lease liabilities*");
- discounting interest of €31 thousand on post-employment benefits (see note "*h, Employee benefits (non-current)*").

t. Income taxes

The IFRS adjustments to income taxes are shown below:

€'000	**Year ended March 31, 2019**
OIC balances	**1,084**
IFRS adjustments	962
IFRS balances	**2,046**

Income taxes increase by €962 thousand due to the deferred tax assets and liabilities recognised on the IFRS adjustments (see note "*e. Deferred tax assets and liabilities*").

*** *** ***

On behalf of the board of directors
Chairman

Luca Spada

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OFFERING MEMORANDUM

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The date of this Offering Memorandum is October 21, 2021

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